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PRS-LAM-87-049

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# ***JPRS Report***

# **Latin America**

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## LATIN AMERICA

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MILITARY, POLITICAL REACTION TO ARMY REVOLT

'National Revolution' Plans

Buenos Aires EL PERIODISTA in Spanish 8-14 May 87 pp 4-5

[Interview with retired and active military officers by Luis Sicilia on 5 and 6 April; place not given; passages enclosed in slantlines printed in italics]

[Text] /"The Rico episode is the first step along the road of a political-military program that aims at capturing power. If this fact is not taken into account, some may make the mistake of trying to fight the fever without getting to the heart of the illness."/ Tape recorder in hand--/"so that no one can distort whatever is said here"/--EL PERIODISTA conducted a lengthy interview with two army officers who retired a few months ago but are still in touch with the nationalist current in that branch. The conversation, which took place late Monday night and into early Tuesday morning on 5 and 6 April, is included in this article with information obtained in other interviews with civilians and military officials. In one way or another, all of those interviewed have the capacity to put together the pieces, albeit tentatively, of a disquieting political puzzle. Some of these sources even express what could be called the principal philosophy of the Malvinas commandos who carried out the Holy Week rebellion.

In the opinion of the military sources consulted, the uprising by Rico and the commandos must be viewed against the backdrop of a matter of /"principle."/ In other words, it is not a question of obtaining a /"presidential pardon"/ on the matter of human rights, but rather a political vindication /"of the patriotic spirit that inspired the war against Marxist subversion."/ For this reason, they contend, what got underway during Holy Week is aimed at the ultimate objective of forcing the political authorities to undertake a /"historical revision"/ of what happened in the country after 1976.

[Question] What does this revision mean?

Colonel I: They feel that they did not commit any crimes during the repression, but rather that they were carrying out orders within the context of a battle against Marxism.

[Question] That sounds very difficult to buy.

Colonel II: For that part of the Armed Forces which was seduced by the preaching of the commandos, there is an ideological confrontation going on in this country. The enemy has already been defined: the Radical government.

[Question] Do you suspect that this fringe of rebellious military officers has a long-term political plan?

Colonel I: Yes sir, the so-called /national revolution/ that has been thwarted so many times. At one time Gen Peron tried to carry it off, but then it foundered in a liberal /pastiche./

Colonel II: The goal these people are pursuing is to prevent the consolidation of the system, that is, the political program expressed by Raul Alfonsin. For this reason, they are striving increasingly to bring on the downfall of the president and the liberal democracy manifested in the overall phenomenon of Alfonsinism.

[Question] But Alfonsin's program is winning increasing support in the political world, primarily among the Peronists. In other words, the Peronists have quite forcefully repudiated any military messianism, and have expressed their support for the system.

Colonel I: The facts that you cite are of great concern to the commandos. Too great. So is the alliance between the General Confederation of Labor (CGT) and the government. They did not expect that type of chain reaction, but they are confident they can reverse the trend.

Colonel II: That is why the rebels are aiming their entire battery of psychological weaponry at preventing the social pact from becoming a reality and keeping a significant portion of the Peronists from engaging in political compromise.

[Question] Why?

Colonel I: If there is a social pact, if there is political /"civilization"/ between the Peronists and the Radicals, the foundation of the system is strengthened. And that must be prevented. To understand this analysis, I would like you to take into account a number of facts that point--consciously or unconsciously--in that direction: The Church's showy attempts to appear to stand alongside the government--you know, for example, that Cardinal Primatesta is very anti-Alfonsin--and the street disturbances in Cordoba.

[Question] When?

Colonel I: On Monday the 4th, the 14-hour strike called by Miguel Correa's CGT. There were revolutionary gymnastics there; the story of the infiltrators does not hold water. They are beginning by breaking windows, attacking City Hall, LA VOZ DEL INTERIOR, etc.

[Question] In other words, they will do everything in their power to prevent the national pacification, the social pact, the political convergence, even the possibility of cogovernment between Peronists and Radicals, the enervation of the CGT's policy of confrontation . . .

Colonel I: Exactly. If Alfonsin manages to pull that off, the civilian base of potential support for the /national revolution/ will be diluted. As you know, this movement has always had a stronghold in Peronism, especially among the workers.

[Question] But doesn't this situation resemble a great deal the position of certain leftists who also are making a great effort to prevent the Alfonsin administration--that is, the system--from gaining strength?

Colonel I: That's right, although their objectives are different, which does not mean that they are entirely incompatible. After all, the /national revolution/ program has points of confrontation with the United States. Bear in mind that Rico has stated in private that the foreign debt should not be paid.

[Question] And what is the principal objective of this /national revolution/?

Colonel I: The objective doesn't matter; they want chaos first, then light.

[Question] Jorge Luis Borges wrote that any objective whose outcome is not known to us is provisionally monstrous.

Colonel I: Borges was a poet; the Ricos are fundamentalist soldiers waging war against Satan.

[Question] Is Alfonsin Satan?

Colonel II: The system is, and Alfonsin is the expression of the system.

[Question] But the system is capitalist, not socialist. And don't tell me the Ricos dream of a socialist fatherland, because even my 9-year-old daughter wouldn't believe that.

Colonel II: Fundamentalism represents a third path, a national, patriotic, and popular alternative. For them, the highly developed capitalism that forms the basis of this system is inherently perverse.

[Question] Do you know what I think about this business of synarchy, of the Jewish-Bolshevik conspiracy? That this plan is definitely fascist, that it will try to use the crisis, the difficulties, the vacillations and errors of the government to wave pseudorevolutionary banners. I have the impression that what the Ricos don't like about the system is its democratic content, and the possibility that despite the stumblings and mistakes of the government and the opposition, the outcome will be a country consolidated without military tutelage or the likelihood of a coup. Moreover, that "centralist" capitalism you refer to . . .



Colonel II: The Ricos refer to . . .

[Question] Anyway, that "centralist" capitalism, which I suppose is the United States, came out in defense of the system four times during the Holy Week rebellion.

Colonel I: Well, that proves the commandos right . . .

#### Other Bells

Seven hours after the interview transcribed here, EL PERIODISTA spoke with other military sources who are less anxious to portray an apocalyptic scene, but who do not underestimate the seriousness of the situation. Among those interlocutors is a lieutenant colonel who played an important role in the organization of a group of officers who were ready to oust Rico from Campo de Mayo. Here is the text of our conversation with that officer:

[Question] The sensationalist view of the situation holds that in the next few days there might even be an episode similar to that of Campo de Mayo at some naval base.

Lieutenant colonel: I don't know what is happening in the Navy, but I do know that if the selective amnesty is applied, which would leave out the majority of the mid-level officers in the Army and the other branches, several admirals, vice admirals, or rear admirals would have to go to trial.

[Question] The Rico spokesmen contend that they don't care about the amnesty at all, much less the presidential pardon. They want the war against subversion to be vindicated.

Lieutenant colonel: Be careful; there is a lot of /"rotten meat"/ around. The rebel officers' psychological action apparatus still works. You know that the rebels who were not at Campo de Mayo, among them prominent civilians, used the "Regulations for the Management of Ground Forces, Volume III," which was approved in September 1981 under the number RC-2-2-III. This was a /"confidential"/ document 196 typed pages long, and only 80 copies were circulated among the top levels of the Armed Forces, where instruction is given in psychological action. I recall that in one of its paragraphs it says that /"in socioeconomically acceptable situations, collective states of anxiety or rejection of an established order can be achieved by exploiting the media that enable public opinion to be governed, acting on catalysts that are duly manipulated through psychological campaigns."/ The Campo de Mayo rebellion was a catalyst, and in fact a collective state of anxiety was achieved, matched by few others in the history of the country.

[Question] But they were hoist on their own petard, because the popular mobilization was also absolutely unprecedented in this country.

Lieutenant colonel: That took the commandos aback somewhat, as they are sort of autistic people who are immersed in a microclimate that makes them think the cause they are upholding is the cause of the masses.

[Question] Is it possible that they aspire to create serious social situations in order to grow with a platform of ideas impregnated with apparently just reasons?

Lieutenant colonel: I think they are off track. But it is possible that they are trying that. They are not talking about engineering a coup d'etat or shooting at the government; just about joining what they think will be an unstoppable social stampede. Several days ago I spoke with one of them, who told me the following: /"In 1969 the 'cordobazo' found the people on one side and the Army on the other, at loggerheads. The next 'cordobazo' will find them united."/

[Question] And what is to prevent that from becoming just a nightmare?

Lieutenant colonel: In the first place, the government should be able to prevent it by not retreating from a political program whose primary orientation is the defense of society's interests. Everything that means deepening the crisis and burdening the population with that crisis conspires in favor of Rico's centurions.

[Question] In other words, the Peronists would not be the ones to steal the government's reformist thunder, but rather the Ricos?

Lieutenant colonel: Peronism, generally speaking, is pulling the rug out from under the commandos. That is making them despair. But we must not forget that the Peronists have a long tradition of intimacy with the military, and some fringes of that movement are closely attuned to the clarion call of the centurions.

[Question] Do you see a tendency among some Peronists to want to leave the president in the lurch?

Lieutenant colonel: Last night I had dinner with a Peronist labor leader, and he upset my digestion. He says that the CGT is headed toward a general strike, that Alderete is on the verge of a historic resignation, that Lorenzo Miguel /"erased his name"/ from the social pact, and that the idea is to blame Cavalieri and Triaca for the /"failure."/ I don't know, but there are clouds on the horizon.

What is happening, meanwhile, in the other forces? Air Force sources assert that the /"Rico operative"/ complicated the search for a solution to the human rights problem, which had been /"doing fine."/ /"The crisis in the Army," added one source, "has further galvanized the Air Force, and even the Navy. In fact, we are managing to sidestep the problem. Especially we, who did not play the same role as the other two branches of the military in the antisubversive struggle.

[Question] Have you talked recently to leaders of the reformist Peronist movement?

Spokesman: Yes, in fact we have. We told them that the Air Force completely supports the government's industrial-military project and that it is trying to

convince the Army of the benefits of a restructuring in this regard. We believe that most Navy officials understand that.

[Question] Did the Peronists talk about any military restructuring project?

Spokesman: We would like to know what that project is and where we stand in it. Of course, we have some ideas, but that is not enough. Moreover, certain statements by some reformist Justicialist leaders are disturbing. We want to know if the Peronists think the Air Force has a key role in the industrial reconversion, or if it will remain isolated in its own sphere.

[Question] And what about the human rights issue?

Spokesman: It is to be hoped that that will be resolved. The question is, What will the government do afterwards with the Armed Forces?

[Question] What does the Air Force think of the Holy Week rebellion?

Spokesman: Those guys took a gamble and won something. The question is what the Army high command is going to do with intermediate officers with so much oxygen. I would not want to be in Gen Caridi's shoes.

'People's Mandate' Emphasized

Buenos Aires CLARIN in Spanish 9 May 87 pp 10-11

[Commentary by Oscar Alende]

[Text] The situation was extremely critical. Throughout the country, generally speaking, a break-down in command had taken place. The regiments were under the power of lieutenant colonels or captains, and only the active participation of the people gave the government enough backing to go to Campo de Mayo.

The primary point of origin of this crisis was on 13 December 1983, when Juan Manuel Casella, then a deputy, expounded the (in my opinion, false) theory of natural judges, /and it was decided that all human rights trials should go through the Supreme Tribunal of the Armed Forces before going to the civil courts./

It was always my contention that Article 18 of the National Constitution should be respected; it states that no one can be removed from the designated judge before the trial. But the Constitution undoubtedly refers to the judges of the national judiciary. I stated that position in the debates in the Chamber of Deputies, citing the treatises of well-known constitutionalists who corroborate this position. Over time, I have had the tremendous satisfaction of knowing that the opinion of prosecutor Julio Strassera was based on a similar concept.

There was a time, during the era of Gen Peron, when the military benefited from a constitutional reform which gave it a special jurisdiction. But when that measure was regulated by the Convention of Santa Fe, civilian judges were

given jurisdiction once again. Personally, in a position shared by my party, I argued that as of 1984 the civilian justice authorities should begin immediately to prosecute the cases related to the excesses that occurred between 1976 and 1983. /In affairs of government, either things happen immediately, or they become bogged down in delays./ Alfonsin came into power with a great deal of strength, with the ability to bring about a very profound change, and he let things be. That was his big mistake.

There were many groups, and just as many interests, that tried to demonstrate that the trials were against the Armed Forces as an institution, not against those members who had committed crimes. /My party supports a military that has the spirit of San Martin, with the humility of Belgrano,/ committed to the defense of democracy and of the civilized life of the republic.

### Right Moves

There was, undoubtedly, a new development in Argentine history: People were called out into the streets, into the plazas, into all public places to defend the constitutional order. I was present at the Infantry School in Campo de Mayo when conditions were extremely dangerous. A captain, aiming at the crowd, said: "The first stone that hits this side, we begin firing." On the other side of the fence were thousands of Argentines, men, women, and children. If the people had suddenly broken through, some would have fallen, there would have been bloodshed, and naturally that would have been unfortunate. But I can assure you that there would not have been a single rebel officer left. Fortunately, none of this came to pass. As we waited, the president, just 2 kilometers away, managed to achieve a positive resolution of the military crisis.

The popular mobilization that happened then makes us feel safer about the future. We used to think that the people would fill the Plaza de Mayo and all the plazas in the republic to defend the Constitution and democracy. Now we are certain of it. I have absolutely no fear that the military will try anything more from now on. I think this was a lesson for everyone, and that we can reconcile ourselves here with regard to respect for the law and the timely prosecution of the errors that were committed.

### Future Situation

How do we deal with the risks that can supposedly arise? We must understand, in the first place, that all countries have armed forces. I am a member of the Chamber of Deputies Defense Committee, and I am convinced /that we must promote respect for all military personnel who share the values of the democratic system and include themselves within that system./

One question still remains, however: /What will happen when the courts once again begin to call in the active military officers?/ Because we must be fully aware that if they are not called in to court, the majority of Argentines will really wonder whether there is any justice in our country. I believe that the institutional system has been strengthened as a result of the latest events. The solution now involves the civilian judiciary, as it should have from the beginning, given that this is one of the three independent

branches of the republic. And it is good for Argentines to recall that the only proper obedience is obedience to the mandate of the people, and to what their legitimate representatives determine.

### 'Errors' Analyzed

Buenos Aires CLARIN in Spanish 9 May 87 p 11

[Commentary by Alvaro Alsogaray]

[Text] The underlying cause of the crisis was without a doubt the fundamental error that was committed in restoring the institutions of the Constitution in late 1983. That error was the decision to judge acts committed during the antisubversive war in the light of the codes, procedures, and courts that prevail in peacetime. In an armed conflict, these acts are a cruel necessity, and are tolerated as a tragic product of the state of war; during peacetime, such acts become crimes perpetrated by warped human beings. /The above does not include torture and other aberrations, which are repudiated and punished under the laws and practices of war as well./ The fundamental error I am referring to is related exclusively to the actions, certainly drastic and sometimes brutal, that are intrinsic to the armed struggle. It is also related to the methodology of waging that struggle. These actions cannot be judged according to the rules and practices of peace; they must be examined from the standpoint of the state of war.

This fundamental error, encouraged by all the forces of the left that were seeking revenge and vengeance for the defeat to which they had been subjected, and fed by a systematic propaganda campaign conducted through the official media for the purpose of spreading the notion that all actions undertaken by the Armed Forces/ during the repression were aberrant and in violation of human rights, gave military officials the impression that they were being unjustly repudiated and persecuted/ by a society for which they had fought and which they had saved. When the prosecution of officers who had served in combat threatened to send a significant number of them to prison, this state of internal rebellion erupted, and the events that ensued are well known to all.

### Government's Reaction

In view of this crisis, the executive branch resolved to call the people into the plazas (and also into the Chamber of Deputies in Congress), without considering the fact that /"the people do not deliberate or govern, except through their representatives and the authorities created by this Constitution"/ (Article 22), and without assessing the danger of bringing the people out into the streets with risky political slogans. The "representative democracy" that is implicit in the Constitution (it does not mention the word democracy, just republic, but the former is inferred from the latter) was replaced by a groundless expression of the /"democracy of the masses."/ With the people in the street and groups advancing on Campo de Mayo, the government was forced to call for moderation and prudence. /It was practically a miracle that a disaster did not occur./ The majority of the political parties and intermediate organizations were swept away by the actions of the government

and the ruling party, and they joined in the outcry. The government resorted to these procedures instead of convening Parliament, maintaining order in the population, and using all legal means at its disposal. Parliament was completely sidestepped. The hall of the Chamber of Deputies was invaded by an unruly and misinformed crowd. We legislators were just part of the mob, not "representatives of the people." /We did not receive any official information on what was happening until 2000 hours on Thursday, and yet the people had been called out into the streets./

Thousands of citizens came out, honestly believing they were "defending democracy," but also present were the usual activists, the Marxist-Leninist organizations, the Montoneros, and other groups that have little truck with democracy. It was also a quasi-miracle that the demonstrators who had responded to the official call with sincere intentions were not confused by the rabble-rousers and dragged into disorderliness and excess.

### Crisis Management

Except for this recourse to the methods of mob democracy, the government did employ a certain degree of moderation in managing the crisis. It did not make precipitous, extreme decisions, especially with regard to repression. Although it formally proclaimed that /"democracy is not negotiable,"/ and announced other similar decisions, in fact it did not lose contact with the rebel officers. Finally, it devised a solution which at least temporarily got the situation under control.

There are two questions that have not yet been answered: Why the president went to Campo de Mayo, and whether any type of agreement was reached with the rebel officers. We know the president's version, and without challenging it, we feel /it is obvious that something was agreed to./ In any case, the president's own speech upon his return from the encounter, and subsequent events as well, contained some points in common with what the rebels reportedly asked for. /Is that all? Or are there other points yet to be resolved?/ This is the most delicate issue, and it certainly must be confronted without delay. The degree to which prudent and serious action is taken will determine whether the crisis is resolved once and for all, or whether, on the contrary, it flares up again.

### Democracy

The constitutional order emerged unscathed from this crisis, but we cannot know where the institutions have been strengthened. The only thing that is clear is that all sectors of Argentine society, including the military, aspire to live in democracy. The rebel officers, according to the president of the republic himself, had no intention of breaking up that order, and I have good reason to assume that this is the case, that they had other motives.

The major issue of the military trials is still unresolved. They fit within a larger issue, eliminating the aftermath of the antisubversive war. I have already pointed out the serious errors committed in this regard, and it is not easy to see how these errors can be undone. The executive branch and the ruling party are primarily responsible for seeking solutions. They have

created the problem, and they must solve it. The political parties should not try to obtain any electoral advantage from these episodes. /This is not the time to seek political gains./ For our part, we are willing to support all prudent measures that the government proposes to resolve this delicate matter, which has shaken the country so severely and continues to be of concern.

### 'Mob' vs Participative Democracy

Buenos Aires LA PRENSA in Spanish 7 May 87 p 9

[Commentary by Alvaro C. Alsogaray]

[Text] The military crisis demonstrated the proclivity on the part of the president and the ruling party to indulge periodically in the methods of "mob democracy." Faced with an "uprising" (to use the words of the president himself), the executive branch, utilizing all the official communication media, making use of all the "slogans" that a well-oiled propaganda machine deemed appropriate, and making all modes of transportation available to the demonstrators, called the "people" on Thursday 16 April to a mass rally in the Plaza del Congreso. The slogan was "defending democracy." This was an official convocation, not a "self-convocation by society," as Dr Alfonsin asserted in his message to the Legislative Assembly on 1 May. Nor was it the appeal of a political party, a trade union, an intermediate organization, or simply a radio station as happened in the case of the Malvinas. It was, as I say, an act of government that placed the people outside the National Constitution, which provides that "the people do not deliberate or govern except through their representatives." This convocation was reminiscent of those Peron used to issue when he would call the people into the Plaza de Mayo, also to defend democracy. We must not forget that Peron was elected "democratically," in clean elections and with the support of a significant majority of the population. In one of these convocations, he called upon the masses to burn down the churches and to "lay it on," promising that "five opponents" would fall "for every comrade who fell."

It may be said that President Alfonsin's convocation is different, because it was a matter of defending "true democracy." That lofty /end/ justified the /means/ employed. It did not matter whether the means violated the Constitution, whether it was alien to republican forms, whether it could be confused with partisan propaganda, whether it contained the threat of excesses or, worse yet, extremist actions by infiltrators capable of provoking a catastrophe. None of that raised any doubts. The supreme objective of defending democracy (which, incidentally, no one was /directly/ attacking, as conceded by the president himself in his speech in the Plaza de Mayo) justified all those transgressions and risks.

Many people rushed to the Plaza del Congreso in good faith, believing that the institutions were in danger and wanting to repudiate this threat. These people were sincere in their beliefs, and they deserve the recognition of the citizenry. But also present in the Plaza del Congreso were the Communist Party, the Workers Party, the Social Affirmation Movement (MAS), the Montoneros, and other conspicuous groups of leftists and extremists. A fantastic paradox, to be sure! Marxist-Leninists, subversives, and

terrorists, with their retinues, led the parade like champions of democracy. This technique is typical of these groups. This was how they operated in Nicaragua, for example, when they "sneaked in" behind the democratic forces that confronted Somoza, and ended up taking over the country.

As for the risks, once the mob is in the streets and the plazas, it is very difficult to channel. Any incident could lead to an uncontrollable outburst. A single spark is enough to set off a fire. If the groups that went to Campo de Mayo and stationed themselves outside the Infantry School had advanced a little farther, the sentries' reaction would have triggered irreversible events. In fact, it is a miracle that this did not happen. It is probably due to the fact that the activists refrained from taking any action because they were not yet ready. If they had been prepared, the country would have been shaken to its very foundations.

#### Exclusion of Parliament

But the most serious aspect lies in the fact that Parliament was expressly ignored and excluded from the crisis. Worse yet, the Chamber of Deputies was invaded by an unruly and misinformed mob that occupied the legislators' seats and filled the chamber. It was this crowd, which was treated like the "representatives of the people," that the president addressed. The legislators, the exclusive and authentic representatives of the people, were prevented from acting as such, and attended the event as mere individual members of the crowd assembled there. Furthermore, this was not the first time President Alfonsin made an appeal of this type. Remember when he called people to the Plaza de Mayo 2 years ago, in the face of an alleged threat to the democratic system, a threat which was never explained. That convocation ended with the withdrawal of the leftist groups, and no one ever found out the real reason for the convocation. The propensity to call people out into the streets in the face of real or imagined dangers is very marked in this president and members of the ruling party. Deputy Stubrin formally proposed the night of Thursday 16 April that the people be kept on an ongoing vigil in the streets, with bonfires and entertainment, so that they would not fall into "the doldrums of Holy Week." At the ceremony at which the agreement was signed on Sunday the 19th, there was great insistence on using the word "mobilize" instead of "convene" when it was decided to call the people to the Plaza de Mayo. The Communist Party had offered the previous day to organize this mobilization with other leftist groups, for which purpose its cadres and leaders proclaimed their readiness.

Fortunately, people's behavior during all of this period was exemplary. The occasional pet phrases and political slogans were not enough to detract from the demonstrations. A good number of people expressed their repudiation for coups d'etat, thinking that they were witnessing one. The activists and subversives did not take action, which helped keep the peace. That happy outcome does not invalidate, however, the critical judgment expressed above, nor does it justify the government's transgressions. What it should have done is call into play the institutions of the Constitution, primarily Congress, convening it as soon as it became aware of the serious nature of the developments. In this way, all measures deemed necessary could be adopted, including a state of siege, and maximum pressure and persuasion could be



exerted on the rebels. The attitude of certain leaders who, forgetting their position as such, took it upon themselves to "make politics" and promote themselves on the radio and TV, going on an innocuous and highly-publicized tour of the demonstrations, the Government Palace, and Campo de Mayo, deserves a separate comment. A regrettable attitude, to be sure.

#### Government, Ruling Party, and Mob Democracy

The country, then, underwent an episode that is characteristic of "mob democracy." That "mob democracy" is what prevailed during the Peron governments. It is what the party currently in power valiantly and unconditionally condemned for so many years. Why are that party and this government now resorting to practices that are typical of such a democracy? Do they perhaps aspire to restore it? I hope not, but we cannot take anything for granted these days, when there is such insistent talk about reforming the Constitution and so many different adjectives are applied to the word democracy.

#### Participative Democracy

The National Constitution does not mention "democracy," just "republic." It states that "the Argentine Nation adopts for its government the /representative,/ republican, and federal form." But because of the liberal nature of the Constitution, it is possible to describe that form of government as "representative democracy." Within the liberal philosophy, the concepts of democracy and republic are similar enough that for all practical purposes, we can consider them interchangeable. From the moment the president cited the need to reform the Constitution, people began to talk of "/participative/ democracy" (it remains to be seen how this proposal will be reconciled with the "representative democracy" contained in the constitutional text). According to the president, "/participative/ democracy is not placed in opposition to formal democracy or /representative/ democracy" (Message to the Legislative Assembly of 1 May 1987). Going into a little more detail on these concepts, he asked during the same address, "Why not complement representative democracy with mechanisms whereby the citizens can participate in decisionmaking on matters that involve them immediately?" But what "mechanisms" is the president referring to? Referendums? Plebiscites? Or more specifically, the intervention of the trade unions in businesses, or in certain decisions by the government? Or other forms of participation? There is plenty of room for speculation here. This is an important issue, and it requires a comprehensive analysis. I will leave that for another time, but I would like to raise an issue now: "Mob democracy" has nothing to do with "participative democracy," strictly speaking. Above all, the latter should not serve to sneak in mechanisms that alter the liberal essence of our Constitution. If such a thing were attempted, the political parties would be obliged to call the people into the streets and plazas to defend that Constitution. But that defense is not the exclusive domain of the parties which claim to represent the "great popular majorities"; it is the domain of all citizens, principally liberal ones.

## Self-Criticism, National Integration

Buenos Aires CLARIN in Spanish 8 May 87 p 13

[Commentary by Italo A. Luder]

[Text] The aftermath of a long crisis cannot be resolved through mere institutional formality; it is necessary to restate the basic assumptions of our system of coexistence. That is a commitment which we have not yet made, for in 3 1/2 years, we have been unable to formulate a comprehensive plan and carry it forward in a coherent manner. At the same time, the roles of each sector must be revived within the new context. There is no doubt that our prolonged political instability is the principal cause of this deficit, because it has hampered any definition of the state's functions and the various sectors' responsibilities with respect to the proper way to exercise rights and assume the corresponding duties. There is also, however, a problem in the way the leading cadres have behaved, due to their limited understanding of the gravity of the situation facing the country and its most controversial aspects.

One of them is the relationship with the Armed Forces, given that the procedures utilized in the antisubversive repression have been called into question. /The administration, from the time it took office, decided to take a political approach that was based on three levels of responsibility/: those who gave orders, those who obeyed orders, and those who were excessive in following orders. At the same time, it established a legal framework which turned out to be deficient; and the measures adopted subsequently as the instructions to prosecutors and the so-called "final point" were not enough to define the legal institutes so that the courts could apply them correctly. Nor was a defense law enacted to restructure the Armed Forces and place them within the new institutional network, and the debate that ensued was confusing with respect to the hypothesis of conflict in the country. /This area was dealt with in a superficial and biased manner instead of making a distinction between the institution itself and the excesses of some of its members./

The military felt that it was under attack on all sides, despite the high command's expectations as a result of the government's double message. This eroded the chain of command, and led to a lack of discipline which became apparent when the possibility of punishing the rebel officers was broached. This is the one result of the events precipitated on 16 April that we should be most concerned about, even if we unhesitatingly accept the president's assertions that the officers who took over the Infantry School at Campo de Mayo did not intend to stage a coup, that they were a handful of misguided officers, and that there were no negotiations. Regardless, restoring the chain of command and subordination and unquestioning obedience was still something that had to be done, because that is the cardinal principle of military organization.

### Different Analyses

Neither the excessive praise for the government's supposed astuteness nor the merciless criticism of some decisions that were made in the days following the

conflict can contribute to the search for solutions. The best support we can give the government, in its capacity as representative of institutional legality, is a calm and objective analysis of the situation. There is no doubt that the postponement of some hearings and judicial procedures requires an explanation, as does the cashiering of 15 generals who are not implicated in the uprising. With regard to this latter point, and from a technical point of view, /it should be noted that if the reorganization of the high command had to be delayed, that reveals a lack of leadership; and if the delay was not necessary, that reflects a lack of authority./

/The message of 1 May opening the regular session of the National Congress was the appropriate opportunity to announce the government's intentions with regard to this delicate situation/; but 3 weeks after the events, the most important officials still insist that the Supreme Court is responsible for the alleged delay in formulating an interpretation of proper obedience, compatible with the objectives set forth by the ruling party when it outlined the three levels of responsibility in its election campaign in 1983. In the first place, the court can only decide on the specific case that is before it, and each lower court must resolve particular cases in accordance with the evidence that emerges in the relevant proceedings, which may be different from those taken into consideration by the Supreme Court in formulating its interpretation. The argument that the Supreme Court is a political body and may make a political decision is not convincing, because it is a political body as far as the center of power is concerned, but it is a court of law which must rule in accordance with the law. What is true is that public opinion has been confused by stories which the Supreme Court itself was forced to deny in an unusual communique that states /"that the interpretation that may be given in one case does not go beyond the scope that is necessary to provide a foundation for the decision in the case in which the controversy arises; it does not mean defining institutions, which enters the domain of the legislature."/

The alternatives that have been mentioned so far, which are to be processed through legislative channels, refer to the suspension of the judicial proceedings for a given period. This would contradict the grounds given for passing the controversial Law No. 23,492, called the "final point" law; or for broadening the original jurisdiction of the Supreme Court, which would be in conflict with the provisions of Article 101 of the National Constitution; or for adopting the system that is applied in the United States in terms of the availability of action, which means authorizing prosecutors, specifically the national attorney general, to determine who will be accused of what crimes, a discriminatory faculty which is contrary to our entire prosecution and penal system.

#### Faculties

These alternatives, which are designed to give more faculties to the judicial bodies, although they intend to improve the legal framework proposed 3 years ago, /will only serve to buy time and to violate our rule of law./ It is no longer enough to deal only with short-term issues and hope that society as a whole will provide the answer, which in this case must be a technical one. We are in the fourth year of the constitutional term, and a worried and expectant

country has expressed its unlimited support for the institutional system, without sectoral or political differences. What is happening is a realization that we must defend a common heritage which the Argentine people won after a long struggle. /We are still waiting for the institutional response so that the problems pending in the different areas can be solved./

The crisis we have experienced has damaged our credibility abroad, regardless of the unanimous support for Argentine democracy, because beyond that declarative level, the international community gives priority to clear and constant rules of play and a mature order of coexistence. /The country is striving to carry on a very complex process so that it can surmount previous confrontations and expand the support base of the political system in such a way that the specific roles of each sector can be revived within the law. The self-criticism that lies ahead for all of us should be the frame of reference for achieving national integration, but it is the government's responsibility to lead this process.

#### Military Position Defended

Buenos Aires LA PRENSA in Spanish 12 May 87 p 9

[Commentary by Carlos Manuel Acuna]

[Text] As the key dates of the 17th and the 29th of this month draw near (the dates when the Navy and the Army celebrate their respective days), political-military tensions are gradually rising. At the same time, the rumors are flying. Many of them seem fantastic, but when we stop and analyze them, we realize that not only are they true, but they complement others. These rumors strengthen, to a certain extent, the conviction that without an amnesty law, there can be no solution to the crisis that has been unleashed by the persecution of the military institutions. It is for this reason that the speeches to be given by Adm Arosa and Gen Caridi are awaited with great anticipation, especially because both of them have just taken public stances and relatively private stances whose significance does not escape more or less intelligent political minds. Nevertheless, the refusal by some leaders, especially those in the ruling party, to enter the broad channel of an uncomplicated initiative such as the amnesty (no matter what label is given to it) opens up possibilities that can be described at the very least as dangerous. Indeed, the authorities themselves, imbued now with a justified sense of urgency, have been unable to overcome the resistance of the most intransigent sectors and other non-government sectors which, for strictly ideological--and also tactical--reasons, are considered to be among the most progressive of the left, and do not want the amnesty, either.

This overview of the situation leads to the conclusion that the government has locked itself in a labyrinth of complications which are growing sharper so quickly that they are practically monopolizing the public's attention. In fact, even the dire state of the economy has taken the back seat.

## Foreign Leaders

Meanwhile, foreign leaders are operating on the basis of a viewpoint that is out of touch with reality, thanks to the insistent propaganda campaign waged by the ruling party. This campaign is undoubtedly being carried out very efficiently in an effort to compensate for the dilution of support on the domestic front. Nonetheless, in certain business and economic circles outside of Argentina, a red light went on early last week. As a result, certain financial and commercial transactions have been put on hold "until the end of July." It is well known that these are the most sensitive sectors of society, and always the ones with the best information on any changes or political crises, whether potential or real.

Meanwhile, the most superficial events take on an apparently disproportionate adverse significance, but the fact is that sensibilities are extremely touchy, and the mental mechanisms of the men in the military and security forces are motivated by such a strong spiritual element that any event is regarded as a new step down the long road of aggression . . . and they are not mistaken. The judicial decision to prohibit the members of the Military Circle from holding an assembly, where they intended to honor those members who might lose their ranks for fighting against subversive criminals, is as valid an example as the difficult plight of Col Pedrazzini, as revealed by Lt Col Rico of the Infantry School during the events of Easter Week. This officer has not only been cashiered, as is customary when one loses his command in this way, but now he appears to be actively implicated in that uprising, although he tried to distance himself from it when it began because of his tremendous insecurity.

In fact, the 23 captains who were suspended from their studies at the War College for joining in with Rico declared, at the summary proceeding held against them, that the night before they had been taken in by Col Pedrazzini, who had been very solicitous of their needs and had given them lodgings, expressing agreement with their objectives. Curiously, it appears that things had to move along as rapidly as they did for Pedrazzini to realize that the epicenter of the problem was the school and not Cordoba, where Barreiro was. Then he repented.

## Hypersensitivity

Another minor detail, but one which indicates the hypersensitivity that is only natural, lies in the politicians' references to Rico and Barreiro as a former colonel and a former major, when in fact it is well known that they are still on active duty, awaiting the ruling of the military court. Another detail is what happened to the director of institutional affairs for the Army, Gen Santarrosa. At 0800 hours on Easter Sunday, on orders from Hector Rios Erenu, he asked the officers on inspection on the 5th floor of the Libertador building whether they thought punishment was in order. He told those who felt no punishment should be imposed to stand along the wall. Approximately 40 officers stepped over to the wall, and only two expressed support for the punishment. A voice said that that was "the proportion that is taking shelter in the heart of the Army," but Santarrosa nevertheless became irritated and ordered that those who identified with the objectives of the Infantry School

should withdraw. Recently, as is known, the general found a fuseless bomb in his home after receiving a warning by telephone. It is assumed that the bomb was a symbolic message, but also "preparatory and indicative of the resolve among the cadres."

If we were to go on citing examples, we would run out of space for this article. But we cannot fail to mention what happened to Governor Angeloz of Cordoba a short time ago. He went to the command of the 3rd Army Corps to greet its new chief, Gen Dominguez, who shortly afterwards returned the compliment. But he was accompanied by his assistant, Menendez, who happens to be the son of the major general who is now in prison for his actions against the Marxist guerrillas.

So far, we have cited a few prominent and significant events, although we could just as well have related others that may be less serious but still emphasize the subtle sense of timeliness that Argentines have. When Alais insisted on repression, the governor of a Mesopotamian province asked the chief of a local brigade what his position was. He properly responded that he would obey the chain of command, but he added that, unfortunately, he was incapable of mobilizing due to a lack of technical elements and fuel. The governor, who was neither short nor lazy, provided the necessary funds, which were used effectively to bring the unit up to snuff. It is not hard to guess, of course, that the unit never went out to engage in repression.

#### Overview

In the interior, it is known in minute detail how and when certain groups of the official party--the Coordinating Committee, in particular--and other progressive leftists were supplied with weapons during Holy Week. However, the secretary of the National Intelligence Center (CNI), Dr Facundo Suarez, said at a working meeting that there was no indication of this, and that all reports to that effect "are wrong." This strange temperament has been remarked upon, given the seriousness of the information, which even includes names and types of weaponry. Thus, a state of uncertainty is created, making a failure of that nature inexplicable. At any rate, the overview of the situation which we have presented here is very partial, as we have yet to analyze what is happening in the Air Force and how the loose pieces of the puzzle are being put into place. This puzzle is becoming more and more painful and complex each day, so to speak, because of issues, events, and collateral problems which sometimes go unnoticed, but cannot escape the context.

To conclude for today, we will say that on Wednesday of the prior week, the chief of the general staff met with some colonels in preparation for a plan of contacts and visits with units. Unavoidably, Gen Caridi focused his talk on the question of amnesty, and he stated among other things (in so many words) that "the government knew perfectly well what my thinking is, and if I accepted the job, it was for the sole purpose of putting that thinking into practice." Later on, after other considerations aimed at clearing up doubts, Caridi noted that he recognized those who did not want to punish (Lt Col Rico) and those who did, "but," he said, "I do not accept those who studied or are studying the roster to decide which side they are on." These words spread

like wildfire, and are interpreted as reflecting such an encouraging position that there may be some hopefulness by the 29th. By that time, Adm Arosa will have stated his position, and maybe people will wait until the last date to see what happens in the Air Force, where the consensus seems to be turning toward an express identification with their comrades in the other branches of the military.

#### Sanguinetti, Alfonsin Compared

Buenos Aires LA PRENSA in Spanish 12 May 87 p 9

[Commentary by Guillermo Rojas Silveyra]

[Text] A comparative study of men who have already been consigned to history gives us some examples to follow.

The analysis of parallel lives of contemporary figures should be useful in rectifying or confirming choices . . . although this analysis may not be written by a Plutarch.

Sanguinetti and Alfonsin are products of Uruguay and Argentina; that is, one comes from a country with more than a little experience with constitutional governments, and the other from one that has a long history of struggling to win back power after having it snatched away.

Governing forces men to "look further ahead," which makes them statesmen; statesmen are none other than strategists of Politics (yes, with a capital P!).

Being in the opposition forces men to "pull the chestnuts out of the fire" every once in a while, which makes them politicians; politicians are none other than the tacticians of Politics (once again, with a capital P!).

The statesman is the man whose vocation and activity include everything from the analysis of what the country will be like in the year 2100, to the punishment--even if he loses a vote--of a transgressor.

The politician is the man who has more important things to do than look at the future, the man who does not punish the transgressor--if he needs his support.

The difference between Sanguinetti and Alfonsin . . . and between the opposition in our neighboring country and our own . . . between Ferreira Aldunate and Saadi . . . lies in the observations we have made here.

Because Sanguinetti is a statesman, he risked the results of the presidential election for the sake of his peace of mind as a leader; he thus handled the problem of the guerrillas and the repression from a realistic point of view, and the people elected him--although they did not like the military--because they did like the idea of pacification.

Because Alfonsin is a politician, he paid more attention to his electoral victory than to his great potential for forging a government. To a great

extent, he mortgaged his future with promises that bore no relation to reality, and today he is paying the monthly service on the debt.

Because Sanguinetti is a statesman, he surrounds himself with statesmen who act in concert with him and put the reasons of good government before passion and desire.

#### Token

Because Alfonsin is a politician, he surrounds himself with politicians who are pulling him in all directions; a button is enough of a token; just hours after President Alfonsin had dealt so chivalrously with the surrendered officers of Campo de Mayo, Senator Grass (who was also "left out" during the last crisis) was calling them, in all irony, young men with painted faces.

Because Sanguinetti is a statesman, he has not felt any need to make a great show of solving the biggest problems.

Because Alfonsin is a politician, he had to emerge from a very embarrassing situation by doing things that could easily have been planned in advance (quick reflexes and courage notwithstanding).

I could go on naming differences, but the point is to draw conclusions that will contribute--with a tiny grain of sand--to the improvement of a government . . . after all, that is what the freedom of the press is all about.

President Alfonsin has proven to be a tactician equal to the level demonstrated by the Prince de Conde in military matters. Thanks to his Galician blood (one of his strong points), he will remain like this to the end of his presidency . . . to the end of his days. Some of his collaborators will go, others will be reelected . . . and new ones will come in. In time, the statesmen will prevail, and the country will be better for it.

#### Planting Good Seeds

The future will depend on what is planted today; it is clear that the seeds of rapidly growing plants should be planted.

President Alfonsin should have the courage (heroic, but more opaque than going to Campo de Mayo) that he would show if he acted like a statesman, even though he is a born politician, an intentional politician. Without deceiving himself, he should admit that there are more important matters than continuing to "beat the drum" of human rights, which in large measure has already been distorted and turned into a political football.

It is no exaggeration to argue that it is ironic that in Latin America (which we consider so united, practically an entity in itself) there are countries such as Brazil and Uruguay where generals are not being held in prison, alongside Argentina, where Gen Jorge R. Videla has been condemned to life in prison.



We are not better or more pure than the Brazilians or the Uruguayans, nor are the parents of those killed in those sister nations any less loving than the parents of Argentina. Our generation is not more pure or principled than those who preceded us.

The fact is, emotionally and politically, we are more unstable.

This article could actually be titled: "Parallel Lives, Stability-Instability," with the subtitle "Benefits of Emotional and Political Stability."

#### Frondizi: General Amnesty

Buenos Aires LA PRENSA in Spanish 14 May 87 p 4

[Text] Former President Arturo Frondizi expressed emphatic support for a general amnesty, considering that the final point law and the concept of proper obedience "will not provide a solution for the Armed Forces." He also reiterated his severe criticism of the presence of "several thousand" extreme leftist militants who are "armed to the teeth."

The developmentist leader minimized the impact any amnesty law could have in terms of releasing "imprisoned subversives, when at this time there are several thousand men and women of the extreme left who are armed to the teeth."

Frondizi thus repeated his old complaint about the presence of subversives in the province of Tucuman, whom he linked to alleged "plans" by the United States and the Soviet Union for the countries of Latin America.

#### U.S.-Soviet Plans

He claimed to have knowledge of the Soviet plan and the "American military counterplan," which in his opinion "is wrong." He said as much to an American general who was at his own house on a secret visit to Argentina and revealed to him some details of the project.

The former chief of state made these statements on a radio station, and indicated that in the matter of the military crisis, "bandaids such as the final point law or the concept of proper obedience will not provide a solution for the Armed Forces."

"We must get used to the idea of having a day of pardon here, in view of the hatred that has divided Argentine society. We must forgive each other for the bad things we have done," asserted Frondizi, later adding that the only solution for the Armed Forces is an "amnesty law."

In this regard, he advised that the government "have no fear," although he acknowledged that the amnesty of 1973 "was a mistake."

He conceded that some people objected to his proposal for an amnesty law because it would enable "some subversives who are in prison to go free."

"I ask them if it is a bad thing for a few subversives to be released along with a solution for the military, when at this time in Argentina there are several thousand men and women of the extreme left who are armed to the teeth," Frondizi said later to support his hypothesis.

#### Subversives in Tucuman

He thus repeated his old complaint about the presence of subversive elements in Tucuman. "The Interior Ministry may deny all it wants, but I have specific data on Tucuman and on each of its cities," he said.

He contended that when he made this announcement in the northern province more than a year ago, "there was already a stockpile of Czech machine guns labeled 'Revolutionary Coordinating Board for Latin America,'" which was confused by "some government official who thought that I was referring to the National Coordinating Board."

Speaking of the alleged plans by the Americans and the Soviets for the Latin American countries, Frondizi pointed out that these two countries "will never fight between themselves, and each one acts as it pleases."

"Wherever there is poverty, communism advances; wherever there is progress and change, communism does not advance. And the Americans, in turn, despite their experiences in Vietnam, have a plan for Latin America which I know in full detail," stated the developmentist leader.

He added, finally, that in his private home, a U.S. general who visited him told him of the "error" of the plan, because "they can kill millions of Latin Americans, but with the hunger that prevails in those nations, they will continue to have uprisings."

#### More on Frondizi

Buenos Aires CLARIN in Spanish 13 May 87 p 7

[Text] /Arturo Frondizi/ contended yesterday that President /Raul Alfonsin/ should /"take the responsibility of sending Congress an amnesty bill that would cover everyone and serve as a form of pacification."/

He also argued that if /Alfonsin/ were to decide eventually to send this amnesty bill to the Chambers, /"thousands of Argentines would support it."/

During an interview with journalist Bernardo Neustadt on Radio Del Plata, the former president, claiming to be a man of law and politics both, stated that the prevailing situation /"demands a political decision applicable to all those men who may have taken the wrong road during a previous rule of law."/

He added that these roads /"finally led to an internal war, in which we must recognize that the action of the military and security forces enabled us to once again live under and enjoy the rule of law in democracy. Don't forget,

Neustadt, that there was subversion here, that there were a lot of deaths here, and I suffered them in my own family."/

/Frondizi/ then declared that /"I have forgiven those who killed my brother and killed three of my nephews . . . and as for the military officers who overthrew me and held me for a year at Martin Garcia, I have also forgiven them."/

The developmentist leader also said that /"no one should have any illusion that I will give up in this struggle for a reunion and reconciliation among Argentines."/

#### Attacks on Armed Forces

Going into detail about various aspects of the prevailing situation in the military, /Frondizi/ stated that /"as time went on, the legal situation led to a great deal of mistrust in the top echelons of each branch of the military. It also undermined their faith in the future, because of the discipline problems it created, which they have finally repudiated, and because of the attacks on and slander of the Armed Forces."

The former president went on to say that /"the military man cannot stand being divorced from society."/ He also argued that /"the loss of prestige suffered by the military even damaged the vigor, the leadership necessary to exercise command."/ In this regard, he added that /"an officer without dignity does not have the image or the spirit of a true soldier; he ends up being a mercenary, . . . although a very low-paid one."/

Later, /Frondizi/ mentioned his contacts with officers, some of whom /"have even told me very emotionally that one cannot defend the fatherland without honor."/ He added that these young officers with whom he had spoken /"tell me of the constant stress that their families undergo, especially their young children, in the face of the questioning of their fathers' ethics and morality."/

#### Opinions on Proper Obedience

Buenos Aires CLARIN in Spanish 13 May 87 p 4

[Text] /Several Radical and opposition legislators, in addition to the prosecutor of the metropolitan Federal Chamber, made statements regarding the bill on proper obedience which the administration is about to send to Congress./

The chairman of the Chamber of Deputies Defense Committee, /Balbino Zubiri,/ recalled in this connection the Democratic Commitment Act that was signed by all social and political sectors on Easter Sunday. In that document, he noted, "it was agreed to distinguish the degree of responsibility with regard to the struggle against subversion. This law," he contended, "is the fruit of that commitment to democracy."

/Zubiri/ explained that /"it is not an amnesty, because an amnesty erases the effects of the crime; the idea that the commanders who are serving their sentences will go free is something that will not happen, and it has not occurred to anyone that they should."/ The Radical legislator added that "this is a clear determination of responsibility to put an end to a painful episode in Argentina's life, and it is also an appeal to society to put an end to it."

The prosecutor of the Federal Chamber, /Julio Cesar Strassera,/ argued that /"if there is any way this can be settled, it is by the parliamentary route, because although the rulings of the Supreme Court have a certain authority, they have no influence because they prevent neither appearances in court nor the prosecutions that have already been decreed."/

/Strassera/ emphasized that "it is not up to me whether a law is passed or not, /but what I cannot accept is the change in discourse, trying to justify now what happened when we already have a ruling by the Federal Chamber and a firm commitment by the court, where it has been established that there was a criminal plan and that atrocious and aberrant acts were committed."/

The prosecutor stated later that /"this is not changed by any law;/ if some law is passed regulating prosecutions in the future, that is another story. But what happened . . . happened, and it was a veritable criminal plan." He stated in conclusion that /"the discourse was changed in all sectors,"/ and indicated that "it is imperative that we find a way out of this situation, because /the only way is to respect the law."/

Bordon and Alende

From the Justicialist point of view, on the other hand, the national deputy for Mendoza, /Jose Octavio Bordon,/ stated that "the administration has a number of alternatives to choose from in solving the problem, if the courts cannot find a definitive solution." He went on to say that "we must bear in mind that /the civilian sector, out of weakness or error, instructed the Armed Forces to annihilate the subversive forces; moreover, the Armed Forces should recognize that after March 1976, they were the instrument used by the political and economic sectors to destroy the country, through state terrorism, and to build a new country in which economic power was concentrated in the hands of a few."/

The bloc of deputies for the Intransigent Party (PI), led by /Oscar Alende,/ gave a press conference at which they stated that a law to regulate proper obedience "will be a concession to the Holy Week rebels, which would weaken the power of democracy." /Alende/ argued that "although our delegation will come to the chamber when the announced bill is debated, /in no way will we vote/ to permit treatment on an equal footing."

"I fear that we will end up allowing total impunity for all those who were involved in the violation of human rights," he declared at another point, and he criticized the recent opinion issued by National Attorney General /Juan Gauna/ "because it is replete with political motivations that detract from its legal validity."

GENERAL CARIDI'S RADIOGRAM SETS FORTH POSITION, STRATEGY

Buenos Aires LA PRENSA in Spanish 2, 3 Jun 87

[Article by Daniel Lupa: "The Speech and a Radiogram"]

[2 Jun 87 pp 1, 4]

[Text] "I am familiar with the speech, but there were some things that I would not have included nor said, if I were chief of staff." This comment came from the mouth of President Alfonsin to the ears of a prominent Argentine businessman, less than 12 hours before General Caridi delivered his Army Day message last Friday.

As if this comment had been a command, the official propaganda system based on the electronic media carefully omitted any part of the message referring to the "war against subversion," the solidarity expressed with "the commanders" currently imprisoned at Magdalena, or the opinion merited by the Campo de Mayo movement from the chief of staff; confining their illustration of the news with harmless portions or portions of that message which were quite directly incomprehensible because of having been taken out of context. For example, there was not a word about the demand for self-criticism by the government, and possibly by Alfonsin himself.

Since the very day that the Senate made the amendments in the bill sent to it by the Chamber of Deputies concerning "due obedience," the commentaries have attempted to depict the government's policy as a "limit situation," attempting to prove that "it is impossible to go further" and to indicate "how difficult it is to progress, even in this minimal position." After all, it could not be otherwise; because Alfonsin himself had warned that the bill that he was sending to the Congress was not pleasing to him per se, in accordance with the speech delivered at 1400 hours on 13 May.

So, with this brief collection of background information, it is easy to understand that the bulk of the public is still completely ignorant of the Army's real thinking, through the voice of its own top-ranking echelon; while an attempt is being made to dilute the entire matter in a "maximum" stance of the Alfonsin government, based on the assumption that "it is impossible to go further." Thus, it must be observed that nothing has changed in the realm of

the official propaganda and, incidentally, the thinking of the Armed Forces has been blocked, and is not being disseminated; while an attempt is being made to neutralize the debate generated by those in the official area itself who question this new "about-face" made in Dr Alfonsin's military policy, with such strong influences and ties to the previous phase.

#### A Radiogram

Yet General Caridi's speech seems to have been subjected to a vigorous sweetening process, or an intense elusive treatment, with reference to the precise content of his position. A few hours later, when questioned along with the other chiefs of staff by Alfonsin himself regarding the law of "due obedience" (in its second version, taken from the negotiations held in the Senate), he gave his virtual agreement or approval on the new text. Alfonsin wanted to be sure that he had the military's support for continuing ahead with the law, and that he would not find himself shocked that his effort was culminating in a rejection "for this phase," through the sanctioning of the aforementioned semi-sanctioned bill.

What is the meaning of this acceptance? What is (distant, or different from the message) Jose Caridi's thinking and political strategy regarding the matter? What is his commitment to the Armed Forces themselves concerning the issue of the war against subversion ?

It seems certain that, rather than by the Army Day "message," his position has been exemplified by the radiogram sent to all Armed Forces units, to be read before all officers, during the week preceding the sending of the "due obedience" bill to Congress.

The text of the radiogram reads as follows:

"Introduction - It is the intention of the JEMGE (Army Chief of Staff) to contact the Army cadres so that they may be informed of his thinking. This priority activity has been postponed by the need to take action to revamp the Armed Forces (in the shortest period of time); it being my intention to visit the units constantly.

"1. Analysis of the events and their assessment - The incidents of Holy Week were a result of a group of factors which affected the institution and the personnel. They created a feeling of lack of understanding on the part of the society which wants to try us for the GCS (War Against Subversion), an action which we consider legitimate and which we shall claim as such. Another influence was the lack of clear understanding of the role which the political authorities wanted to assign to the Armed Forces.

"There was also the awareness that the solution to the GSC problems was not the only issue to be settled; because, 3 years after the taking of office by the political authorities, no solution has been given for any of the Armed Forces' essential problems; this, combined with a persistent, inexplicable

attack on the Armed Forces by the MCS (News Media). An attempt has been made to ascribe to the Armed Forces all the blame for what occurred. In this negative context, it was attempted to undermine the Army's military spirit and capacity for resistance. But the latter proved that it has sufficient reserves.

"Similarly, a general course of action was selected which did not respect the feelings of the institution. The so-called legal battle and the political authorities were seriously mistaken in their solutions, and they never were willing to pay the price that had to be paid in time.

"2. The response of the Argentine Army - In this context, the Argentine Army launched 'Operation Dignity,' started by a group of chiefs and officers, which, through the execution of a procedure not based on regulations and not the proper one, according to our training, represented the feeling of the institution. The entire Army was a leader, because it participated in that common denominator of feeling and ideas that we all share. According to military orthodoxy, the units had to repress. But, after having repressed, if this had the approval of the entire Army, the very ones who repressed would have to express their thinking, and seek those responsible for what had occurred. And the latter could be none other than the high commands.

"3. Assessment of the behavior of the various sectors of the Argentine Army - It should be emphasized that there was courage, but there was a lack of subordination, and a lack of an institutional sense; and, in many instances, they acted committing the worse mistake of a commander: omission. But everyone should have an awareness of duty performed, over and above the procedures used."

This is the first part of that radiogram.

[3 Jun 84 pp 1, 4]

[Text] The radiogram that General Caridi sent to all Army units, with the instructions that it be read to all cadres the week before the executive branch submitted the "due obedience" bill to Congress continues to read as follows:

"We must forget personal opinions and think of our Army. No one will be defeated if we unite to solve the problems of our force; if we do not do so, everyone will have lost, even those who believe they have succeeded.

"Objectives of the Argentine Army include a prompt and effective solution to the problem of the trials for alleged abuses during the GCS (War Against Subversion).

"Among the alternatives analyzed, the PEN (National Executive Branch) chose to submit to Congress a bill on 'due obedience' that would completely exempt all those who during the GCS acted under orders of the commanders of the subzones.

"The bill must go through Congress, and its discussion by this body could distort its purpose.

"We will continue to demand our final objective of obtaining the freedom of the former commanders because we will always give the Army credit for the GCS.

"A) Another objective will be to improve the budget for the Army. This will allow the restoration of its operational capacity, the training of personnel, and the maintenance of materiel. We have requested more funds for units' operational expenditures. We have also asked the Defense Ministry to absorb the expenses for the Easter Week operation.

"B) The 9-percent salary adjustment every 3 months for the Armed Forces will continue. This will allow us to reach an adequate level and thus fulfill the Army's long-desired aspiration to pay fair salaries. Besides this adjustment, there will be across-the-board increases for government employees.

"C) Obtain, in a short term, a decision regarding the enactment of the National Defense Law.

"D) Obtain the institution's participation in discussions related to national defense.

"E) Get the MCS (Mass Media) to stop its indiscriminate attacks as soon as possible.

"F) Restore the Army's relationship with the government authorities and society based on respect for the dignity of the Argentine Army.

"We will not make any further concessions. We must consolidate our position based on the respect and dignity of the members of the Army. This is a task for all of us. To this end, the Argentine Army must reveal itself for what we believe it should be. It should give the government and people the certainty that it is an example of order, discipline, and cohesion.

"G) Maintain as an irrevocable objective the historic vindication of the Argentine Army for its participation in the GCS.

"The cadres must regain their authenticity: living and representing the institution to which they belong.

"Let us no longer fear. We must always be proud of being members of the Army. We will preserve the space obtained, and struggle to gradually gain more space. We will continue to be unswerving witnesses for the historic vindication of the Argentine Army and its participation in the GCS."



## Conclusions and the Future

The fact that the radiogram stresses in four passages the acknowledgment of a "war against subversion," clearly describing the activity as a "war," and not as a "struggle," as it was recently described by official sources, or as "repression," clearly indicates, beyond speculation, that the crux of the matter lies in how the lawmakers and the military approach this issue.

Likewise, the radiogram categorically concerns the sentences handed down against the commanders in chief who conducted this "war" and defeated subversion. The radiogram is notably more precise than the text of the speech he delivered on 29 May.

Nevertheless, there is no doubt that, according to the radiogram, the law on "due obedience" is presented as a "first step," and a goal achieved. Caridi says, as gathered from the political circumstances arising from what he describes in the radiogram or message to all the cadres as "Operation Dignity"--the same name used by the officers who on Army Day went to greet Lieutenant Colonel Rico and rallied in front of the windows of his quarters in Campo de Mayo--that "the ground gained" and the decision "to struggle to gradually gain more ground" is important.

Is it possible to speak two languages and handle two concepts, which are diametrically opposed, at the upper levels? Is it possible that the government continues to ignore the concept of "war" within this context, and that the media controlled by the government continue to use a term rejected by the top Army leadership? This happened once before, during Admiral Arosa's speech, when he made a similar point. However, nothing changed after the speech. The effect is significant, especially bearing in mind that General Caridi blames the media campaign for society's rejection of that "war" waged by the Army: To a certain extent, General Caridi was thus confirming the views expressed by Luis Garcia Martinez, who engaged in a controversy with General Augusto Alemanzor, retired, in the Group of Analysis and Thinking (Grupo de Analisis y Pensamiento--GAP), as we reported in an article published in this column last Sunday in LA PRENSA.

The most categorical concepts contained in the radiogram are rich and precise, not only concerning a profile of clearcut political definition, without evasive remarks--which, no doubt, are contained in the message--infer that the law on "due obedience" cannot be regarded as a "full stop" because apparently the military leadership only accepts it as a milestone subject to the implementation of new and more advanced measures, with critical aspects that are easily understandable.

2909

CSO: 3348/345

## BRAZIL

### NEW SOVIET ENVOY EXPANDS CONTACTS TO ATTRACT INVESTMENT

Sao Paulo FOLHA DE SAO PAULO in Portuguese 3 May 87 p A-47

[Text] Based on a calculated plan, the Soviet Union is gradually starting to approach Brazilian business owners. The newly arrived ambassador to Brazil, Viktor Isakov, has already been in contact with Sao Paulo industrialists; and also during this half-year, he wants to talk with the president of FIESP [Sao Paulo State Federation of Industries], Mario Amato. Smiling, Isakov remarked: "I know more businessmen than communist leaders in Brazil."

But he is not interested in exporting revolution, the great fear of the military (up until the present, the moves of communist diplomats have been carefully monitored). He merely wants to import capital to raise production in the Soviet Union. "There is little information on our country. And I can guarantee that there is a possibility of doing good business." At least one company has already expressed a concrete interest. He notes: "I prefer not to give the name, for the time being." But there have been several requests for information reaching the embassy in Brazil.

"It could really be a gold-mine," comments Senator Roberto Campos. But he admits: "China also opened itself to foreign capital, but there is the obstacle of the bureaucracy." Moreover, according to the senator, there is at stake, in the Soviet Union alone, not counting the countries associated with CEMA [Council for Economic Mutual Assistance] (a kind of socialist version of the European Common Market), a population of 270 million people.

The strategy of attracting capital is obviously not limited to Brazil alone (at least 19 companies in the United States and West Germany are already negotiating to install enterprises in Moscow). This is part of the new Soviet slogan taken up by Secretary General Mikhail Gorbachev: "modernization": a word that should be repeated in Brazil by Gorbachev himself. He may visit the country during the next half-year.

Based on "modernization," on 13 January of this year the main deliberative organ of the Soviet Union, the Supreme Soviet, promulgated a decree-law for the creation of joint ventures. "Their interest is in attracting high technology; which has not failed to be an obstacle for the Brazilian left, which has wanted increasingly to prevent the entry of foreign capital," remarks Roberto Campos ironically. The ambassador has defined at least two areas: telecommunications and computers. There are already agreements on optical fibers produced in Brazil.

According to the decree-law, the top-ranking organ of the enterprise is the administrative council; only Soviets will be able to hold the positions of council chief and general director of the enterprise. The government will keep the majority of the capital, exactly 52 percent. The document goes into detail: "The mixed enterprises will make a reckoning of the receipts and expenses, and will operate based on absolute financial self-management, self-payment of expenses, and self-financing."

Isakov claims: "There is a complete guarantee for the integrity of the ownership." And there are even certain benefits: according to the decree-law, the mixed enterprises will have "priority" when they order construction or assembly. The law stipulates: "They may engage in import and export transactions; and they will have the right to decide on the prices of their exported products, and to sign import contracts, planning payments using their own foreign currency funds or borrowed funds."

#### Without Limits

There are no limits regarding area for investment: science, agriculture, civil construction, commerce, transportation. The justification is as follows, as announced at the meeting of the Supreme Soviet: "To more fully meet the requirements for certain industrial items, raw materials, and commodities felt by the country; to apply to the national economy the latest foreign technical achievements and technologies; to make use of the foreign experience in management; to attract additional material and financial resources; to increase exports; and to reduce irrational imports, cutting the spending on foreign currency."

The foreign partners are allowed to convert rubles into dollars, marks, or yen from the profits accrued. However, the decree-law does not specify one vital area: the liquidation of the enterprises. It states that the Council of Ministers of the Soviet Union may decide upon the closing of the enterprise in the event that the incorporation papers are impaired.

The ambassador has a tempting gamut of offers to make, not only to business owners, but to the government as well: This is because, in several kinds of business, dollars will not be necessary, only products. "Who knows? We might trade oil for orange juice. The country needs machinery and equipment. Why not trade with other products?"

Thus, he takes the opportunity to give the United States a diplomatic jab: "We never put the rope around the neck of the debtor countries." And he adds: "Brazil may be sure that we are a friendly country." He regrets that, although credit worth \$20 million was made available for the purchase of machinery and equipment last year, "it was never used." He noted: "We shall collect on that credit with manufactured items, and not foreign currency."

2909

CSO: 3342/127

## BRAZIL

### RICHA SAID FAVORED BY ARMY MINISTER TO SUCCEED SARNEY

Sao Paulo FOLHA DE SAO PAULO in Portuguese 3 May 87 p A-8

[Text] Senator Jose Richa (PMDB [Brazilian Democratic Movement Party]-Parana) is the candidate preferred by the Army minister, Gen Leonidas Pires Goncalves, to succeed President Jose Sarney. This assessment comes from leading PMDB politicians and some Armed Forces general officers who have been observing the closeness between the two, noting comments by Leonidas and viewing the good relations that the former Parana governor has with the other military ministers as well.

Last Tuesday night, when the crisis that marked the selection of the replacement for businessman Dilson Funaro in the Finance Ministry was most severe, Senator Richa, who was dining in Brasilia at the residence of the former minister and current director of the Federal Savings Bank, Flavio Peixoto, he received a telephone call. It was from the aeronautics minister, Brig Gen Octavio Moreira Lima. He urged Richa to reconsider his position and accept the invitation from the president of the republic to occupy the Civilian Household of the Presidency. Richa gave the aeronautics minister a long explanation, claiming that he would rather cooperate with Sarney from his seat in the Constituent Congress.

In fact, General Leonidas had already made the same appeal to the Parana senator when he received him for lunch last Sunday. Richa and the army minister are used to being together on important occasions. On the afternoon of 21 November 1986, the urban development minister, Deni Schwartz, and the news media chief of his ministry, journalist Ivens Moretti Pacheco, spent over an hour waiting for Senator Richa at the officials' terminal of the Brasilia Air Base, where they had an appointment to meet, so as to take a Brazilian Air Force (FAB) jet to Curitiba (Parana). While they were waiting, Deni and Ivens watched, on television, the then Minister Dilson Funaro announce the so-called Cruzado Plan 2. The Parana senator did not show up at the air base until after the program had ended. He apologized for the delay, and explained it, claiming that he had watched the announcement of the Cruzado Plan 2 with his friend, Leonidas.

Jose Richa and Leonidas Pires Goncalves met in Brasilia at the end of the 1960's, when the former was a federal deputy and the latter, a mere colonel. In 1984,

when there were doubts about the Army's real willingness to accept Tancredo Neves' victory in the electoral college, Richa and Senator Affonso Camargo received from the then commander of the then Third Army (now called the Southern Military Command, with headquarters in Porto Alegre), General Leonidas, the guarantee that the troops in the southern part of the country would not rebel against the victory of the PMDB candidate for the presidential succession.

Deni Schwartz, who is a personal friend of Richa, tells friends that the Army minister always asks about the former Parana governor. A few days ago, Minister Leonidas made a brief comment to his colleague from Urban Development ("we must help Richa") which, while not sufficient to convey a clearcut message of his intentions, was at least significant. In private talks, Senator Affonso Camargo, who remained aloof from Richa, adopting an overtly critical stance toward the government, has called the attention of his civilian and military friends to the fact that Leonidas has named to the important Eastern Military Command (former First Army), with headquarters in Rio, Gen Waldir Eduardo Martins, former chief of the SNI [National Service for Intelligence] in Curitiba, and a friend of both Affonso, who was president of ARENA [National Renewal Alliance], and Richa.

#### Secret Talk

Senator Affonso Camargo has told the same friends that his dissociation from his colleague Richa is due to the fact that the former Parana governor accepts the adoption of the parliamentary system with the Maranha native, Jose Sarney, president of the republic, something that he, Affonso, does not accept. The cause for the breach between the two senators is, however, considerably more complex. Nearly 20 days ago, Senator Affonso Camargo talked with Sarney, and gave assurance that the political leadership of former Governor Jose Richa would be replaced by that of Governor Alvaro Dias. Affonso made a point of keeping the talk a secret, but the president disclosed it to Deni Schwartz, who was shocked.

The only interpretation that Richa and Deni give to the incident is that, with his more aggressive political discourse, and with the defense of Alvaro Dias' political interests (he being a former senator with little influence in Congress), Affonso Camargo is attempting to pave the way for becoming the Parana PMDB's candidate to succeed Dias. Some friends of the former transportation minister claim, however, that he is dreaming of something on a very lofty level. They maintain that Affonso Camargo is planning for the possibility of the Constituent Assembly's opting for the parliamentary system for Brazil, and for the possibility of his name's being accepted by the PMDB leadership for the post of prime minister.

2909

CSO: 3342/127

## ECONOMIC UNCERTAINTIES CURTAIL INDUSTRIAL SECTOR INVESTMENTS

Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 May 87 p A-50

[Text] The uncertainty regarding the economy's future over the medium term has had a total effect on the initiatives of business owners, who are halting their investments. During the first 4 months of this year, the Industrial Development Council (CDI) received project intentions involving a sum equivalent to \$223 million; whereas the investment requirements for four sectors alone: namely, the chemical, fertilizer, paper and cellulose, and automotive industry, have been estimated at \$2.2 billion by the end of 1987.

Those figures turned on the red light in the economic area offices which, up until that time, had shown a certain amount of optimism concerning new investments. That state of mind stemmed from the CDI's approval, between January and April of this year, for 31 projects with a total fixed investment of 17.8 billion cruzados, a sum exceeding the 1986 total (12.6 billion cruzados).

But, as FOLHA learned from the Ministry of Industry and Commerce (MIC), there is no longer doubt about the cooling in the industrial area. At the end of 1986, there were 312 investment proposals pending in CDI, totaling 84.5 billion cruzados. Since, by the end of April, projects valued at 17.8 billion cruzados had been approved, and since there were pending projects valued at 60 billion cruzados during that period, the result reached was a difference of only 6.7 billion cruzados between the end of December 1986 and the end of April 1987. That figure, equivalent to \$223 million, is considered insufficient.

The nine projects approved by CDI last month totaled 14.2 billion cruzados. Included in that sum, however, was the project to establish a bleached short fiber cellulose production unit, Aracruz Cellulose, intended to manufacture 525,000 tons per year in Espirito Santo. However, there is one detail in this project that gives an idea of the business movement this year. Not only did it enter MIC last year, but it also represents 74 percent of all the investments approved by CDI this year.

According to the information procured by FOLHA from MIC, the new projections for the economy could interfere with the initiation of the SIDERBRAS [Brazilian Iron and Steel, Inc] System Strategic Development Plan (PEDESID), sent to Minister Jose Hugo Castelo Branco a month ago.

The entire charting of PEDESID's future demand was devised based on international interest and oil prices, without any great changes from the current levels, not counting the estimate on internal growth in the 6-7 percent bracket, and an inflation of between 20 and 100 percent.

Although there are no substantial changes in the international scenario, the internal question is already interfering with PEDESID over the short term; inasmuch as the finance minister himself has already put his foot on the brake, and is expecting a maximum growth of 3.5 percent this year. As for inflation, guessing that it will be an average of 100 percent for the year is now a healthy exercise in fiction.

At SIDERBRAS, however, there is consensus on one idea: The possible signs of cooling this year do not necessarily interfere with the results anticipated for the end of the century. In fact, from an overall standpoint, PEDESID projected an internal demand for steel based on an average growth rate of 5.8 percent by the year 2000. During the decade from 1976 to 1986, the average annual rate recorded was 4.2 percent, but it included 3 years of significant recession.

2909

CSO: 3342/127

BRAZIL

# IPQM SAYS NAVY ABLE TO MANUFACTURE SOLID PROPELLANTS

Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 May 87 p A-6

[Text] The director of the Naval Research Institute (IPQM) on Ilha do Governador (northern zone of Rio), Rear Adm Mario Jorge Ferreira Braga, aged 50, told FOLHA on an exclusive basis that the organization "has already mastered the technology for the manufacture of solid propellants (explosives) for antiaircraft missile propulsion, to be installed on Navy ships; which have been imported up until now." According to the IPQM director, "The material is being tested, but starting next year, it will be manufactured regularly, who knows, perhaps on an industrial scale"; adding that, "this is an advancement in the technology of the solid fuel area," and is related to the studies that the institute made in this field nearly 4 years ago.

The IPQM director remarked that it was not within his "authority" to comment on the missiles and Navy vessels on which these propellants will be used. "That is a matter for the Ministry of Navy, and it does not befit me to make comments or to speculate. My responsibility is limited to research and its progress; and we are working hard on this," noted the rear admiral. He claims that IPQM is also developing "the technology relating to inertial systems."

In addition, the IPQM director claimed that the organization is developing a Central Processing Unit (UCP) and a memory that will be used in the aiming of weapons and sensors (a kind of radar capable of locating enemy targets, such as airplanes and geographical structural projections). "This research has already taken a good 3 years," he remarked. With the mastery of the technology for sensor and weapons control, the rear admiral claims that, "Using a computer and acoustics, IPQM is also manufacturing ceramic transducers."

2909

CSO: 3342/127



## DETAILS OF RECENT CPI FIGURES PROVIDED

Santiago CAUCE in Spanish 11-17 May 87 pp 17-18

[Text] Widespread panic among debtors, concern among businessmen, anger among consumers, and a severe deterioration of the quality of life and wages' and salaries' buying power sum up the reactions to the inflationary process that is going on in this country.

The clincher came in April with the 2.4-percent inflation rate, the highest percentage recorded for that month in the last 4 years. It translates into a cumulative consumer price index (IPC) of 7.9 percent so far in 1987, 18.8 percent for the last 12 months.

There is universal agreement that the economic team was simply wrong in all of its calculations that inflation would range between 10 and 15 percent in 1987.

The figures show clearly that the increases are hitting hard at the middle and lower sectors by raising the prices of what could be considered a minimum basket (see Table 1).

Table 1  
Food

Product	Increase	Minimum Price	Maximum Price
Regular bread	1.22 percent	90 pesos	120 pesos
Ground beef	3.66	300	630
Lamb casserole	3.18	208	410
Cube soup	4.00	15	25
Hake	5.74	120	290
Jurel	10.79	80	200
Powdered milk	19.70	259	390
Eggs (each)	8.00	10.42	14
Lemons (kilo)	20.79	100	220

In addition, potatoes went up 30.5 percent, onions 16 percent, and carrots 29.11 percent.

As the next table shows, the average increase in the price of items and products used daily is greater than the overall increase in the IPC (see Table 2).

Table 2  
Goods and Services with the Greatest Impact  
on the IPC in April 1987

Items	Unit	% Change	Share of Overall Index
Housing			
Up			
Contributions	One	7.81	0.087
Liquefied gas	Kg.	2.24	0.054
Paraffin	Liter	3.21	0.037
Drinking water	M3	2.44	0.030
Piped gas	M3	2.13	0.015
Laundry detergent	500 g.	2.96	0.020
Clothing			
Up			
Women's sweater	One	32.48	0.063
Women's coat	One	15.43	0.032
Leather boots	Pair	17.09	0.024
Men's winter suit	One	24.52	0.020
Men's overcoat	One	21.17	0.018
Children's shoes	Pair	7.13	0.018
Men's shirt	One	6.39	0.017
Women's overcoat	One	20.83	0.017
Men's shoes	Pair	2.54	0.012
Girls' shoes	Pair	8.07	0.011
Men's parka	One	9.97	0.010
Women's blouse	One	1.99	0.010
Women's skirt	One	7.13	0.010
Miscellaneous			
Up			
Gasoline	Liter	3.96	0.127
Hotel room	One	11.46	0.092
Automobile	One	3.48	0.075
Metro	Fare	14.26	0.031
Auto registration	One	17.05	0.024
Movie ticket	One	2.30	0.023

#### Immediate Readjustment

Jaime Perez, president of the Metropolitan Federation of Retail Trade, stated that his association simply advocates studying a readjustment for all workers.

"Wages have already suffered a sharp deterioration in real terms, and with the price hikes, it is even worse," he said. He indicated that businessmen are

simply decapitalized, because they are trying to hold down prices one way or another.

"This can be seen in the percentage attained by the wholesale price index (3.2 percent in April)," said Perez. "We are not passing on costs to prices, because if we aren't selling much now, we will certainly sell less later." People have enough for the bare minimum.

Elias Brugere, president of the Confederation of Commerce, expressed alarm at what will happen to debtors. He pointed out that in just one month, the prophetic UF will go up by nearly 85 pesos, about 3 pesos a day.

#### Consumption out of Control

Nevertheless, the universal concern about inflation is based on different analyses.

Thus, the vice president of the Manufacturing Promotion Association, Fernando Aguero, commented that the process is the result of the strong growth of the economy, "which prompted officials to apply the 'mini-adjustment' to curb consumption." And he went further: "We must restrict domestic consumption, keeping it within the bounds of the country's real possibilities."

He even declared that everyone must put his shoulder to the wheel to limit the uncontrolled rate of consumption (?), which has been going on for several months.

#### Wages Fall

Strictly speaking, some analysts commented, it is not the working class or the middle-income sectors that have been out on a buying spree, as demonstrated by what has happened to wages.

In March, they fell 1 percent below the February level, in real terms. Not only did they not rise, they dropped. If the month of December is taken as a comparison, this drop brings the total decline to 2.1 percent, also in real terms.

We should also note here the increase in official unemployment figures, which reveal a national jobless rate of 8.9 percent for the January-March quarter, 10.9 percent for the metropolitan region. The unemployment rate is up in 9 of the 12 regions of the country.

#### Wrong

"Unfortunately, the government was too optimistic in its predictions for inflation in 1987, and it was wrong," said Manuel Marfan, an economist with the Corporation of Economic Research for Latin America (CIEPLAN). And this translates into a series of consequences derived from the error, which has already led to a number of decisions.

1. The readjustment of wages in the public sector, which was based on the assumption that inflation would be 10 percent. "With higher inflation, what will result is a significant decline in purchasing power," according to Marfan.

2. In the national budget, spending was calculated on the basis of a lower inflation rate than the actual one. "In this way, the public sector will face the same problem as all Chileans: They will have to make do with the same amount of pesos to buy more expensive goods." For the CIEPLAN economist, this will therefore have a contractive effect on fiscal policy. He commented that the principal problem lies in the fact that "the regime was unable to predict this year's inflation rate accurately. Moreover, the decline noted in 1986 was basically due to the fall in the international price of petroleum, not to domestic policy. Those who will pay the cost of the error, once again, will be the workers." At this point, the government is also worried. It committed itself to certain goals, including an inflation rate of 10 to 15 percent. And this commitment was made to the International Monetary Fund and the World Bank, whose inspectors are in Chile now.

This week five members of the IMF, headed by economist Claudio Loser, arrived in Chile to review everything and see how well the regime is doing with respect to the contracted agreements. For this purpose, special offices have been set up at the Central Bank, and they have been given access to all the figures and statistics that Chileans are not privy to.

Officials from the World Bank are here also. Their task is basically similar, but they are operating with a more sympathetic public image.

Some official economic sources acknowledged that they are at a crossroads. Inflation must be contained at all costs, and this means perhaps harsher measures. On the other hand, they are up against the "populist" plan, which requires measures "to loosen up the economy, to give a breathing space, to create a pleasant atmosphere." For the present, the problem is being handled by raising interest rates, contracting demand, and thus lowering prices.

8926

CSO: 3348/315

## EXTENT OF DOMESTIC INDEBTEDNESS REVIEWED

Santiago CAUCE in Spanish 11-17 May 87 pp 19-20

[Article by J. Jimenez]

[Text] Hundreds or thousands? No one argues over the number of debtors at this point, because the problem is still massive, and it affects all sectors of national life. The debtors include producers, mortgage-holders, farmers, truckers, miners, small and medium industrialists and craftsmen, and merchants, all of whom are paying dearly for their faith in a system that favors financial capital and its earnings. The costs are also diverse. More people than we know or think have taken their own lives, overwhelmed by their inability to meet their obligations. Others have gone to jail, and the majority have lost what they managed to acquire through years of hard work. All of them, however, have lost their peace of mind, are no longer able to sleep well, and, according to a recent study, have even suffered family problems.

In recent weeks we have heard insistent talk of a virtual "super pardon" that would be included in the populist measures sought by the regime, along with the votes to perpetuate its power—with or without Gen Augusto Pinochet.

The versions of this mass pardon vary. They range from extending the terms of payment to forgiving interest payments or repealing the UF. So far, however, any solution of this type runs up against the fierce resistance of the economic team that is still commanded by Finance Minister Hernan Buchi.

## Failed Renegotiations

The government has agreed to various types of renegotiations, all of which have failed.

The last one, which expired on 31 March, was just one more failure. On this occasion, the Economic and Social Council (an appendix of the regime) was instructed to serve as a liaison between debtors and the financial system.

It was none other than Beltran Urenda, president of the Economic and Social Council (CES), who admitted several things at the end of the process: First, he conceded that it had not been a success, but "not a failure, either."

Second, that there were problems with the banks, which were allowed the prerogative to decide whether to renegotiate or not in each case, and always opted for the latter. Third, that the debtors were only mildly interested in accepting the "guarantees of the renegotiation," which consisted of a maximum 10-year term and an interest rate of the UF plus 5 percent.

#### "We're Saving Businesses Minutes Before the Gavel Falls"

A business leader told CAUCE that the truth is that this last renegotiation never existed. "It was just a gesture of good will which the banks completely ignored." In practice, said this source, they are charging interest in excess of 8 percent, demanding new guarantees, and foreclosing directly on debtors.

He told how some have managed to avoid a liquidation sale at the last minute, thanks to certain attitudes on the part of some officials at the Bank of the State and the Development Corporation. "But it is impossible to repeat this a thousand times," he added. "There is a certain attrition among the leaders and officials who understand the problem."

The leader stated that there is indignation over what is happening to the debtors, in view of the fact that the debt of the United Brewery Company (CCU) was forgiven, and considering the attitude of banks such as Santiago and Chile. "We worked, we launched a publicity campaign so that the popular capitalism that saved them from bankruptcy would take root, without the money that all of us Chileans contributed to save them in the initial moments of the crisis. Now they have saved the CCU, which is even managed by some of those who caused the debacle." The source indicated that they are asking that the debt be cut in half as it is paid off, because there are thousands of small and medium businessmen who are on the verge of losing everything. "We have not taken dollars out of the country; we have just worked and given them the fruits of our labor. Now we are asking for what is fair, because strictly speaking, just counting the interest we have paid, the debt is more than paid off."

#### Buchi Should Resign

Meanwhile, the debtors who appear to have the best organization are the mortgage-holders, joined together in the Federation of Mortgage-Holders of Chile (FEDHACH). They have simply called for the resignation of the finance minister, in view of his inability to solve the problem.

With an active mobilization, these debtors have left no stone unturned. They have done everything from pilgrimages to the Virgen del Cerro and the burial of the UF, to high-level seminars at which this issue is discussed, and calling for the minister to step down because he has been unable or unwilling to find a solution.

Strongly united, the FEDHACH even has a surveillance system (which we will not reveal, of course) to prevent notices of foreclosures or auctions from going out. The National Association of Debtors (ANADEC), which operates mainly in Valparaiso, has publicly demanded that the regime provide an explanation, denounced the inefficiency of what has been offered so far, and declared that

the silent moratorium is a fact, because no one could pay a debt that has quintupled just because of interest rates, even if he wanted to.

It was businessman Francisco Javier Errazuriz, president of the National Bank, who put things in proper perspective at a recent seminar. He accused the Chicago Boys of causing the "payments crisis" or the "internal debt crisis" by maintaining the price of the dollar at an artificially low level.

The banker excoriated what he called the absurdity of denying longer terms for debtors. "If they had been allowed, Chilean businessmen would not have to take the blame for the shameful disgrace of unemployment that has plagued Chileans," stated Errazuriz. He went even further, declaring that if reasonable terms are not granted, the future will bring more ruin and more misery.

Errazuriz, who is concerned about "the institutions of the future and the opinions of today's business community that the people will express at the polls," called for "the destruction of the UF." He also said that the UEFE is "a false and capricious monster created by the state."

According to Errazuriz, the UF is one of the reasons why "some become very rich while others become poorer, as can be attested by the employees who must pay debts that are readjusted in UF terms while their wages are 'freely negotiated.'"

Specifically, whether they number in the hundreds or the thousands, debtors are multiplying throughout Chile. The government sporadically proposes fictitious solutions, and the problem persists. The debts continue to grow, fed by usurious interest rates, and thousands of Chileans continue to sacrifice their assets to feed a voracious and insatiable financial sector.

[Box, p 20]

#### No Economic Recovery for Workers

By Alvaro Garcia

Although the country's per capita income rose by 9 percent between 1983 and 1986, the workers as a whole saw their real pay shrink. Consequently, the workers' share in overall income fell, to the benefit of national and foreign capital. During this period, those employed by organized businesses saw their wages' buying power slip by an average of 2.2 percent. They fell by as much as 9 percent in the case of personal service workers. The salaries of public sector employees, on the other hand, plummeted by 16 percent. Meanwhile, the minimum wage, undoubtedly the most representative indicator of the income of the poorest workers, plunged 22 percent. This is the plight of half of employed workers who, because they work in modern activities, have some bargaining power.

The other half of employees, being in a more fragile employment situation, saw their income plummet even further. The buying power of the wages earned by those participating in the Minimum Employment Program (PEM) tumbled 20

percent; that of participants in the Employment Program for Heads of Household (POJH) plunged 33 percent. The purchasing power of those working in the informal sectors, who account for 40 percent of the workforce, also took a nosedive. Moreover, the reduction of unemployment and cutbacks in the emergency employment programs were the result of expanded underemployment in these informal sectors.

The workers have definitely seen their share of national income shrink by anywhere from 11 percent for the best-paid employees of organized businesses to 40 percent for workers in the informal sector or in emergency programs. This points up the regressive nature of the economic recovery.

The verified deterioration of income in the working class is a reflection of the extreme fragility of the employment situation and the limitations imposed on organized labor.

At present, only one-third of the Chileans in the labor force are employed in modern activities in the private sector, while nearly one-tenth work in the public sector. Therefore, 60 percent of the workforce is scattered among low productivity activities (informal sector or emergency programs) or is unemployed.

This employment fragility, plus the restrictions imposed by the authoritarian regime, explain why only 11 percent of the labor force is unionized. This weak bargaining power on the part of workers explains the regressive nature of the crisis and now of the recovery.

The full magnitude of the situation can be seen in the fact that in the first quarter of 1987, the most organized workers lost all of the ground they had gained in their real wages (2 percent) in 1986.

Achieving greater social justice, the foundation of national reconciliation, requires changes in the level of pay, in the rate at which productive jobs are created, and in labor relations.

The tremendous increase in business profits leaves room for pay raises. In turn, the state has mechanisms for promoting such a raise, and is in a position to do so. Among these mechanisms, most noteworthy is its ability to boost both the minimum wage and civil service salaries, including those of the workers in the PEM and the POJH.

On the other hand, the need to increase the capacity for generating productive, stable, and well-paying employment also entails maintaining a high rate of economic growth. In the short run, this will require government measures and private sector actions to increase investment substantially.

Any short-term advances that are made in these areas will serve as an indication of the degree to which the government and the business sector are committed to social justice. Evidence in Chile and other countries demonstrates that without this, there can be no stable economic growth; on the contrary, their inequitable and exclusive nature is the seed of their own destruction. It should be noted that at the international level, there has



been no successful development program that did not give priority to the development of human resources, translated into new and better labor opportunities and higher levels of training. Therefore, economic growth and the improvement of opportunities for workers must, in our opinion, be part and parcel of any future project--at least any one that the social majority would support--in which the entire nation's creativity and thirst for development can be activated effectively.

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CS0: 3348/315

LATEST ECONOMIC INDICATORS SEEN AS PESSIMISTIC

Santiago HOY in Spanish 11-17 May 87 pp 26-27

[Article by Hugo Traslavina]

[Text] The economic team was chagrined and the polished image it likes to project was tarnished recently when, out of sheer coincidence, just as five inspectors from the International Monetary Fund (IMF) and five others from the World Bank arrived in this country on a routine mission, the country was reeling from the effects of the latest figures on inflation, unemployment, and wages.

The envoys from the two organizations (who are working separately in offices at the Central Bank) are not obliged to examine the "social effects" of the economic programs they suggest. Nonetheless, the dynamics of the debate on the deterioration of the most sensitive indicators threatened to penetrate the strictly technical territory in which they operate.

When an interview with the president of the Production and Trade Confederation, Manuel Feliu, came out on Wednesday the 6th, IMF official Patricia Brenner hastened to put everyone at ease: "We are here going over all the statistics as usual, and we see that the situation is being handled very well with the overall policy." She declined to comment on the resurgence of inflation last month which has endangered prospects for attaining the goal of 15 percent a year.

Will it be possible for Finance Minister Hernan Buchi to eliminate this and other imbalances with the present "mini-adjustment"?

The official response will come in due time. Economist Manuel Marfan of the Corporation of Economic Research for Latin America (CIEPLAN) gives his in advance: "The facts are demonstrating that the goals set jointly by the IMF and the government are wrong, and the logical thing to do is revise them." He goes on to say, "From the outset, annual inflation will be 20 percent or higher, based on projections of the rate noted so far."

## Chain Reaction

According to Marfan, "the serious problem with erroneous estimates is that the agents of production and the government itself, in their application of fiscal policy, must suffer the consequences." He explains that when economic decisions are made on the basis of certain assumptions, "the results depend on how precise these are." Thus, for example, if a businessman contracts debts in UF and calculates that his debt will be readjusted by 15 percent over the course of a year, "it will not be the same when he is actually facing a readjustability of 20 percent."

Meanwhile, faced with a higher than expected rate of inflation, the Treasury "will most likely have to restrict its spending, because the amount of money allocated in the budget will have to be stretched further to pay for more expensive goods and services," adds the expert. By analogy, "those who live on a fixed income are buying less and less, as prices go up."

It is a kind of spiral that also disturbs businessmen. "This is for two reasons," said Roberto Fantuzzi, president of the Association of Exporters of Nontraditional Manufactured Products (ASEXMA), in an interview with HOY. He explains:

"We are very concerned because inflation is driving down purchasing power, that is, demand; and at the same time, it is complicating the financial picture for businesses, because most of them have contracted debts in UF."

Fantuzzi says that "it is not easy to automatically replace the lost domestic market by opening up alternative markets abroad." He concedes that serious efforts are being made to expand and diversify exports, "but one also has to admit that the process is slow and we cannot close our eyes to the deterioration of the country's situation."

## Export Challenge

Fantuzzi is a spokesman for small and medium businessmen who are beginning to find room in external markets, but whose support base is still in this country. "Whatever happens to domestic demand will naturally have an impact on us, and that is why we are as worried--if not more so--about this as about the wave of protectionism we are seeing abroad," adds the leader.

Now the economic team is striving to open up a new phase of export promotion. At the recent International Conference of Export Experiences (organized by the U.S. Chamber of Commerce in Chile), Minister Buchi stated that this phase poses the challenge of "leaving behind the 'nascent' character of exports of manufactured goods and services." For this very reason, along with the adoption of specific measures at this level, Roberto Fantuzzi says that "the government should also be concerned about promoting a good support base in the domestic market."

The development of exports is one of the pillars of the economic recovery program. Both the IMF and the World Bank base their support for the Chilean Government on the so-called "structural adjustment." This is designed to

boost sales abroad "as the most expeditious way to service the foreign debt," economist Juan Guillermo Espinosa told HOY. "Given the current international situation," he is not optimistic about the short-term challenge:

"Several elements suggest that there are serious obstacles. Although most indebted countries are following the recipe of boosting exports, which entails fiercer competition, all indications are that the protectionist trend is on the rise, while difficulties in the U.S. economy are growing."

In the extremely short term, the export says that "the barriers in the developed world could be exacerbated by the effects of the 'trade war' between the United States and Japan." On the other hand, "the threat that the new Kennedy Amendment will be enforced in reprisal for the violation of human rights in the country, is hanging over Chile."

#### Other Threats

In addition to the above, there are other external problems, such as the devaluation of the dollar with respect to other hard currencies, the rise in interest rates, and higher prices for petroleum and other raw materials that this country imports. In view of this situation, "the external outlook is profoundly disturbing, and could endanger other targets of the economic program." These targets include the current account deficit (about \$1 billion), the surplus in the balance of trade (also close to \$1 billion), and maintaining international reserves.

Manuel Marfan comments that "the mini-adjustment currently underway may not be enough to control the imbalances." Based on the logic that the economic team has followed so far, he believes that an additional adjustment could come on the side of the exchange rate. The CIEPLAN researcher says that this indicator is quite a bit higher today than it was last year, "and for this reason it is not possible to expect a devaluation; on the contrary, we can expect a revaluation of the peso."

The road would be relatively easy: readjust the exchange rate more slowly, "which should translate into a reduction in the rate of inflation," says Marfan.

But this is not helping much to control another variable that has taken off in recent months: the unprecedented increase in imports, "which results in a smaller surplus in the balance of trade," according to Marfan. The mini-adjustment is designed specifically to control this tendency by reducing the amount of money in circulation and raising interest rates. The desired effect is a decline in activity and in the importing binge.

In the coming months, the economic team will begin to grapple with a variable that is new to them: "the political need to give the impression of greater well-being, as part of the campaign to project the regime beyond 1989," says Marfan. Unfortunately, it no longer has the external leeway it had last year, "which at the time prompted some fanatics to say that we were on the threshold of a new boom," adds the economist.

It is just a coincidental factor, unrelated to the straightjacket imposed on the country by the pacts with the IMF and the World Bank.

# SHORT-TERM INFLATION, EXPORT PROSPECTS VIEWED

Santiago HOY in Spanish 11-17 May 87 pp 28-29

[Article by Manuel Delano]

[Text] The three figures released last week by the National Institute of Statistics (INE) surprised even the pessimists. The government did not expect this explosive triple cocktail, after announcing in January that the recovery was in high gear: a consumer price index (IPC) of 2.4 percent, combined with a drop in wages that looks like 2.1 percent for the year, and a new jump in unemployment.

These were simply the first visible steps taken by the "mini-adjustment," a creature invented by the economic team, whose objective is to curb the "excessive" growth that was seen in the first months of the year (see next story). Finance Minister Hernan Buchi said that it is still possible to attain the goal of 15 percent inflation for the year (we have surpassed the halfway mark in just 4 months), and Economy Minister Juan Carlos Delano tried to put a good face on things by announcing that prices will return to normal during the second half of the year; but business, labor, and retirees reacted with concern and criticism. Once again, the prospects are uncertain:

How will the government be able to conduct a campaign to "project" its work beyond 1989 when the economy is yielding negative results? Alvaro Garcia, of the Socialist-Nunez Party's economic committee, believes it is possible: "The regime opted to exclude the workers from its election platform, so it has no policy favoring that sector. It cares more about business support, and it will try to get the poorest 40 percent of the population, which consumes only 9 percent of goods. It won't take much in the way of resources to give them something and get a big return, and at a low cost."

Potatoes and Lemons

All by itself, an IPC of 2.4 percent would not have aroused great concern in another Latin American country. Moreover, it would have been a small figure, considering that average inflation in the region was 70 percent in 1986, more than 5 percent a month. The problem is that in Chile many prices (all those that are given in UF, dividends, rents, school tuition, public services,

insurance premiums) are readjusted monthly or quarterly, while wages are falling in real terms for lack of any legally mandated readjustments.

As far as the INE is concerned, the April inflation rate (a year-to-date cumulative rate of 7.9 percent) can be explained primarily by the increases in five food products: potatoes (30.5 percent), lemons (20.7 percent), fatty cheese (21.5 percent), butter (23.1 percent), powdered milk (19.7 percent), and also gasoline (3.9 percent). All in all, of the 347 items in the INE basket, which contains some indispensable ones such as champagne, whisky, and tennis rackets, 231 went up in price in April; 65 fell and 51 stayed the same.

According to Luis Gatica, assistant director of operations at the INE, inflation has not gotten out of hand, although it may exceed the ceiling of 15 percent, "depending on conditions abroad." The official urged "patience," because the prices of some goods (such as potatoes and lemons) should come down after the harvest and the rains. They will not return to the level they were at before they began to rise, however.

Nonetheless, the first indices are less optimistic. The April IPC had not yet been released when Chilectra Metropolitana readjusted household rates by 7.1 to 8.5 percent. In addition, the wholesale price index (IPM), which in some measure predicts increases which businessmen will later pass on to the public, was listed at 3.2 percent in April. Finally, since many prices are tied to the IPC, inflation feeds on itself: The 2.4 percent rate will be reflected sooner or later in rates for services.

#### The Pincer

The UF, on the other hand, reflected the increase immediately, like a mirror. It will go up a little less than 3 pesos a day between 10 May and 9 June. A family that bought a house with a mortgage of 400 UF will immediately see its debt readjusted by 43,600 pesos, based on an interest rate of 8 percent a year, complained the Federation of Home Mortgage-Holders (FEDHACH).

As if wage-earners were caught in a pincer, the drop in wages came simultaneously. The 2.1-percent decline in that indicator in the first quarter completely cancelled out the small increase recorded in 1986. The chief of the INE's division of demographic and social statistics, Eduardo Carrasco, admitted that this indicator has not behaved "as satisfactorily," and he attributed this to the inflation of the initial months of the year.

According to the INE, the fall in wages has been distributed among different social sectors. The income of professionals and technicians fell by 1.2 percent, while that of nonspecialized workers slipped 1.9 percent in the last 12 months. In addition, the salaries of administrators and managers, administrative workers, and service workers are virtually stagnant.

The impact of the first quarter fell on wages and salaries that have not yet recovered from the recent recession. According to economist Garcia, between 1983 and 1986 "the workers' share of national income fell by anywhere from 11 percent for the best-paid employees of modern businesses to 40 percent for workers in the informal economy or those participating in the Minimum

Employment Program (PEM) and the Employment Program for Heads of Household (POJH)."

He added: "The 'mini-adjustment,' which looks more like a 'maxi-adjustment,' sent a signal to businessmen that they should put the brakes on growth, and they reacted by raising prices without readjusting their workers' pay. The model was regressive during the crisis, during the recovery, and now during the adjustment."

"Very, Very High"

The director of the consulting firm Economic and Financial Survey, Enrique Davila, contends that businessmen immediately see the adjustment as a contractive element, acting on employment and pay. Paradoxically, at the same time the economic groups and the public enterprises "are now reporting profits much higher than those reported last year. We are right in the middle of an adjustment, and the cost falls on the shoulders of the majorities," he said.

Economists of different schools of thought agreed that the increase in unemployment in the first quarter of the year compared to December-February (from 8.6 to 8.9 percent) was due to seasonal factors. Including the PEM and the POJH, 532,000 workers are unemployed.

For Garcia, the most serious aspect is that 6 out of every 10 workers are engaged in low-productivity activity (informal jobs or emergency programs) or are out of work altogether.

The first reaction to the IPC was expressive. Economist Francisco Javier Labbe of the University of Chile exclaimed, "Good Lord, that's high!" Dominique Hachette, an economist at Catholic University, was graphic: "Horrors! It is hard to believe the projected target will be reached." Jorge Bronfman, president of the Construction Chamber, summed it up: "It strikes me as very, very high!"

Businessmen disagree on the solution. Commerce leaders, like Association of Metallurgical Industrialists President Gustavo Ramdohr, expressed their concern over the loss of buying power, and indicated the need for a readjustment. On the other hand, the vice president of the Manufacturing Promotion Association, Fernando Aguero, suggested: "If we all put our shoulders to the wheel to limit the uncontrolled consumption we have seen in recent months," it will be possible to keep inflation below the ceiling of 15 percent a year.

A group of experts at the Center for Trade Union Research and Consultation (CIASI), which supports the National Workers' Command (CNT), proposed another action to take against the increases. According to them, "the April inflation rate will require a revision in the CNT's request for a minimum wage of 18,000 pesos. Labor and other social sectors should form a united front against the increases and in favor of a readjustment."

Not even the announcement of a readjustment for retirees succeeded in calming inflationary fears. Pensioner leaders objected to the form of the raise,

which was discriminatory. There were four readjustment brackets: 110 percent of the cumulative IPC recorded between 1 July and 30 April (16.4 percent) for pensions under 17,500 pesos, in the case of retirees 65 and older; 100 percent for those under 65 years and for pensions under 17,500 pesos, and also for retirees of any age who receive less than 43,500 pesos; 60 percent of the IPC for those ranging between the latter sum and 100,000 pesos; and 50 percent of the IPC for pensions greater than 100,000 pesos.

#### Cost for Retirees

According to the president of the National Union of Pensioners (UNAP), Lautaro Ojeda, "the readjustment based on the IPC will not be paid out of the Treasury, but out of what retirees with pensions over 43,500 pesos did not receive. The public coffers will even have a little left over."

Ojeda believes that the aid is minimal, for example, for the 850,000 retirees in the Social Security Service, whose pensions average 6,000 pesos. This figure contrasts sharply with the 22,000-peso minimum pension which the UNAP is requesting for civilian retirees ("We are not requesting it for the military, because that would be a paradox: It has a higher average," said the leader).

For Ojeda, the problem is that civilian pensioners have lost so much ground in recent years that it cannot be recovered easily. "They expropriated 4 months of readjustments in 1985; they took away our follow-up; medical care got more expensive. The government is only generous with the banks and big business," he stated.

Economist Davila warns that in the coming months, "as long as there is a spiral of restriction," the economic results will continue to be negative. "Growth will decline, inflation will exceed the official ceiling, and unemployment will climb above 9 percent, without taking the PEM or the POJH into account. This is a more significant adjustment than the authorities originally foresaw."

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CSO: 3348/316



## REASONS FOR PRICE INCREASES ANALYZED

Santiago ANALISIS in Spanish 11-17 May 87 pp 41-42

[Text] Few times before has there been a combination of as many negative factors for purchasing power and the expectations of workers and consumers as there was this April: The consumer price index (IPC) of 2.4 percent was the largest recorded in this month since 1983; the wholesale price index (IPM), which presages future hikes in the cost of living, leaped to 3.2 percent, the highest since 1985; official unemployment for the January-March period rose to 8.9 percent throughout Chile, and marked the third verified increase since last November; and real wages (discounting inflation) fell once again, with a cumulative decline of 2.2 percent for the first quarter.

The Finance Ministry will have to have a lot of explanations--and good ones--to give the inspectors from the International Monetary Fund (IMF) and the World Bank (IBRD), who will be housed in the Central Bank going over these and other figures. Uncontrolled inflation? That is one, but not the only, threat to the implementation of the economic program the government agreed upon with the IMF. But the simultaneous deterioration of the IPC, employment, and wages will also overshadow Hernan Buchi's efforts to obtain from the World Bank the remaining monies in the so-called "structural adjustment credit."

The rate of inflation officially agreed upon between Minister Buchi and the IMF was supposed to fluctuate between 10 and 15 percent, but the IPC of 7.9 percent for the January-April period, when projected over all of 1987, points to a total higher than 23 percent.

The fact that these figures are coming to light just as an inspection visit is being made means that the two institutions will probably impose even more severe conditions at the end of the visit in order to "return the 1987 program to the fold." This would not be the first time the disbursement--more quickly or less quickly--of new credits was subject to the application of drastic measures.

#### Disturbing Outlook

But slum-dwellers and workers are worried about the impact all of this will have once again on their buying power. And the outlook in this regard is disturbing: Continuing a trend begun in the last quarter of 1986, the largest

increases in the IPC in April were in foods (potatoes, 30.5 percent; milk, 19.7 percent; onions, 16 percent). And because the budget of the poorest families is essentially spent on food, the 7.9-percent average increase between January and April is much greater for the goods consumed by this sector.

The assistant director of the National Institute of Statistics (INE), Luis Gatica, predicted last week that inflation could be spurred in the coming months because "fuels have been readjusted by a lower percentage than the percentage by which the international price has already gone up." In addition, this does not take into account that petroleum has undergone new increases in the countries where Chile makes its purchases.

Expectations are also clearly inflationary at the business level: Nearly all of the 3.2-percent rise in the IPM in April was caused by hikes for national products, while the prices of imports have hardly changed at all; and among the former goods, those from the agriculture-livestock sector are at the top of the list (an average 5.4 percent).

The latest report of the publication "Economic and Financial Indicators" claims that both inflation and the drop in wages should be viewed within the "triumphant context" that prevailed at the end of 1986, allowing "businessmen to loosen their belts with respect to profits and marketing margins."

With regard to the "case" of agriculture-livestock products (the INE stated that they account for more than half of the April increases), the study expresses surprise that this upsurge, which had been predicted months ago, should happen precisely during the sector's peak season. There is no other explanation, it concludes, than "lower domestic supplies as a result of the better prospects for placing goods on the foreign market."

Juan Foxley, an economist at the University of Chile, stated that "the real price of the dollar is still very high, and the revaluation of other currencies with respect to it has become an incentive to boost domestic prices. To decide what to charge here, businesses use the value they can obtain on other markets as a point of reference."

The other explanation of the phenomenon lies in what Foxley calls the "strangulation" of the economy: "Every time there is a threat that idle capacity will be exhausted, in view of the impossibility of new investments, any increase in demand is translated into higher prices."

#### Deterioration for "Civilians"

This is the second consecutive month that rising inflation has hit the wages paid in those sectors that already began to see activity decline, such as commerce and other service categories: Community employees have accumulated the largest real deterioration in the last 12 months, with a 3.9-percent drop. Except for factory workers, specialized white-collar workers, and salesmen--for whom demand is apparently high--the rest of the occupational groups have seen their wage recovery stagnate.

The price hikes, particularly in foods, added to the fall in wages, will further aggravate the situation described last week by the Single Command of Slum-Dwellers in a brief report. It stressed that a "basket" made up of just 20 basic necessities requires a monthly expenditure of 27,200 pesos for a family of 4.2 people.

In that context, at least pensioners will have part of the erosion of recent months compensated by a readjustment of 8.2 to 18 percent as of April. The bill passed by the government, however, granted a similar increase of 16.4 percent to pensioners who are under 65 years of age and whose income is 17,500 pesos or less, and for those between that level and 43,500 pesos. The latter category includes the bulk of uniformed personnel, according to a study by economist Jose Pablo Arellano.

The National Association of Government Employees (ANEF) may have been thinking of the latter group when it asked, also last week, that the maximum salary from public funds be limited to 200,000 pesos per month, so that a "Solidarity Fund" could be financed for the purpose of generating productive jobs and raising the minimum wage.

For the "civilian sector" of the Public Administration, ANEF demanded that pay levels be increased by 50 percent of the change in the IPC since August 1981. Flores recalled that since that time, the government has granted this sector five raises for a total of 70 percent, but during the same period the cost of living rose 195 percent.

Less surprising was the news that the national unemployment rate, including the Minimum Employment Program (PEM) and the Employment Program for Heads of Household (POJH), rose to 12.5 percent between January and March, compared to 11.2 percent in the immediately preceding period. During the same quarter of last year, the jobless rate was 17.4 percent. In addition to the 537,600 who are still out of work, however, 81,500 have dropped out of the job market in the last 12 months.

The combination of higher inflation and lower wages and employment is an explosive cocktail, no matter which way you look at it. "It is something that has exceeded all expectations," observed Juan Foxley.

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CSO: 3348/315

FOREIGN FINANCING OF CHRISTIAN DEMOCRATIC PARTY CRITICIZED

Quito EL COMERCIO in Spanish 13 May 87 p A-9

[Article: "German Hands in Ecuadoran Politics?" by Gaby Gottwald, Klaus-Dieter Tangerman and Ulli Kulko, from the newspaper DIE TAGESZEITUNG, TAZ of Berlin, Federal Republic of Germany, 24 Jan 87]

[Text] The article we are publishing here created a scandal in Germany. The title reads: "The German Social Christian Party is Meddling in Ecuador's Political Parties." The Hanns Seidel Foundation, which is close to this party, has given funds from the German federal budget for fictitious projects to a foundation composed of the leaders of Ecuador's Popular Democracy Party. The article was signed by three German reporters, and points out serious situations in which some leaders of Ecuadoran parties are implicated. In accordance with the principles of ethical journalism, in our next issue we will publish the views of the foundations operating in Quito and of the aforementioned Popular Democracy leaders.

Moltke's slogan--"Move separately and strike together"--also holds true for the work of the German Christian Democrats' political foundations. That is how Gerold Moser imagined the joint work of the Konrad Adenauer Foundation (of the German Christian Democratic Party) and the Hanns Seidel Foundation (of the German Social Christian Party).

This pious desire of the head of the Hanns Seidel Foundation, taken from one of his strategy documents, referred to the work of the foundations operating in Latin America, where these fraternal organizations are creating a political landscape shaped to their liking, using tax money collected in the Federal Republic of Germany.

Still, this strategic concept did not hold up when, in early 1985, the strategists of the two foundations began to argue, so that everything appeared to be ending in a dirty fight. And it wouldn't have taken much for an amazed German public to find out about an acrimonious legal case that would have shown the work of the supposed aid and development organizations of the German Christian Democratic parties in Latin America to be just what it is: simple support channeled to their affiliated parties in the southern hemisphere. These parties sometimes form the government, taking a far right

position. This has nothing to do with the planned development aid. Therefore, these activities seem ripe for consideration by the German courts.

Two years ago the foundations' representatives had everything under control: they had the support of the minister for economic cooperation, Jurgen Warnke (Social Christian). Nonetheless, a letter which the leader of the German Social Christians sent to their unruly counterpart in Ecuador lets us deduce many things concerning the legality and solidarity of the Christian foundation: the letter threatens that in the event of a judicial complaint filed by the Ecuadoran counterpart against the Hanns Seidel Social Christian Foundation, it would be "disgraced, and it is certainly inevitable that the activities of other German foundations operating in Ecuador would also be brought under closer scrutiny. That would cause widespread harm to projects of interest to your party, which for your sake I would like to avoid." This threat was directed against the Konrad Adenauer Christian Democratic Foundation.

#### German Social Christian Party

Since the Konrad Adenauer Foundation had already had many years of experience in influencing Latin American Christian Democratic Parties, in 1984 the Social Christians did not want to be left behind. Nevertheless, before they could present to the German federal parliament a request for funds to promote a somewhat suspect "Economic and Socio-Political Training Institute" in Ecuador, some obstacles had to be eliminated in order to avoid too obvious legal violations.

In September/October 1983, Gerold Moser (who also belongs to the board of directors of the "Liberty and Democracy" contra-lobby in Munich) traveled to Ecuador to gather information. There were two parties with Christian names that could be supported: the PSC [Social Christian Party] of the current president, Leon Febres Cordero, at that time in the opposition; and DP [Popular Democracy], the party of his predecessor, Hurtado. The ODCA [Christian Democratic Organization of the Americas] did not want to hear anything about the Social Christian Party, which in its opinion is located too far to the right. In his final report, Moser wrote that "a connection with a conservative party which in the Latin American partisan spectrum is located far to the right might damage the image of German Christian Socialism which it would be hard to repair, for in this part of the world, this image already has some problems." So Popular Democracy was left, but it had a problem; it was already getting support from the German Christian Democrats, through the Konrad Adenauer Foundation, and dual support is strictly barred by the guidelines covering the German foundations. Despite this, according to Moser, "this party should be considered the logical counterpart for the Social Christians and their Hanns Seidel Foundation," even though the DP, like many Latin American Christian Democratic parties, is more to the left than the German Christian

Democratic Party. Actually, this was a matter of setting up a counterweight to the widely accepted ILDIS [Latin American Social Research Institute] of the Social Democratic Party's Friedrich Ebert Foundation.

In order to get around the German legal prohibition on two foundations supporting the same organization, they had to set up a new organization to disguise the joint work of the German Christian Democrats and Social Christians. On 8 November 1983 the FEEH [Ecuadoran Foundation for Human Studies] was founded. It was declared to be independent of political parties. Nonetheless, the list of the founding members does not reveal any such indispensable independence; the principal members are Carlos Vallejo, then minister of agriculture in the Osvaldo Hurtado government; Ramiro Rivera, secretary of information; Teodora Pena, president of the housing board; and German Barre-gan, who has been affiliated with the DP since its founding.

In the funding application for the FEEH sent to the German ministry of development by the German Social Christians, they didn't even try to camouflage this partisan connection. On the contrary: "The members and collaborators of the foundation are highly qualified scientists and also high-ranking politicians." That didn't bother the minister of economic cooperation, the Social Christian Warnke: the request was approved by the ministry of development and on 15 June 1984 the director of the Institute for International Relations of the Hanns Seidel Foundation, Dr Rainer Gepperth, signed a cooperation contract with the FEEH in which the FEEH was promised the sum of 960,000 German marks. The purpose of the contract was the establishment of a "Center for Studies on Communitarism," the traditional economic philosophy of the Latin American Christian Democrats, and a center for training professionals. According to Moser, this would also produce a secondary effect: "training leaders in the party's younger generation." In this way they concluded a cooperation pact for projects based on the transfer of public funds, which according to German foundation law, is not permitted. Moser's correspondence with his headquarters in Munich proves that both in Ecuador and in the Bavarian capital very little attention was paid to that problem. But that wasn't all. The Hanns Seidel representative, Wolfgang Steigert, who was in Ecuador between 13 and 17 June 1984, found out about the problem in a conversation with the German ambassador, Jurgan Engels, and the representative of the Konrad Adenauer Foundation, Erwin Busch. Engels was "very critical, almost reluctant" about initiating the Hanns Seidel activities, and the Christian Democrat Busch indicated that it was generally assumed in Ecuador that Hanns Seidel would opt in favor of the Social Christian Party, on the right, the party of President Febres Cordero, who was elected on 6 May.

#### Explosive Involvement

In his report to Munich, Steigert repeated insistently that the German representatives in Ecuador considered the involvement between the work of the Konrad Adenauer and the Hanns Seidel Foundation very critical. The

executive director of the FEEH (which the Social Christians were financing) was German Barragan. He also worked on the FESO [Social Studies Foundation] project, which in 1983 had received over 2 million DM from the Konrad Adenauer Foundation, and he was also on the payroll of another Konrad Adenauer project. Something similar was going on with Carlos Vallejo and Ramiro Rivera, and even with former President Hurtado. There was also, as Steigert wrote to Munich, a charge of suspected corruption against Juan Pablo Moncagatta, a high-ranking Popular Democracy leader.

The affair was complicated: not only were the German Christian Democrats and Social Christians financing the same party, but even the same people. Lothar Kraft of the Konrad Adenauer Foundation had tried to avoid this, intervening with the ministry of development before the Hanns Seidel Foundation started, probably because he was afraid that his own clandestine channels for financing Hurtado might be discovered. The embassy of the FRG was against the Hanns Seidel activities. The German ministry of development had approved the project, knowing that the financing was for Hurtado's Christian Democratic Party. They all knew that. But there was one thing that only the Hanns Seidel Foundation and the FEEH knew: in addition to the contract for 960,000 DM, on 15 June 1984 the two foundations had signed an additional contract for 1.4 million DM, coming from what were called the Hanns Seidel Foundation's own funds. The duration of this contract, the same as of the principal contract, was 3.5 years. This money was to be used to pay employee salaries for this project. According to confidential information, the Siemens branch in Ecuador had offered the financing. To keep this transfer, which is barred by Ecuador's political parties law, from being discovered, Steigert received orders from Munich to open a separate account, independent of the ministry of development project, and to maintain two separate accounting systems.

In this way, the dual financing of the Ecuadoran Christian Democrats might have been able to continue despite some evident legal violations, if something unexpected had not happened: the September 1984 visit to Quito of a prominent guest from the FRG who put a halt to these activities. He did so from very personal reasons.

#### The New Man

On 30 September 1984, the German minister Jurgen Warnke (Social Christian) came to Ecuador on an official visit to offer his greetings to the new president, Leon Febres Cordero, who had taken office in August. Despite being a Social Christian, Febres Cordero was the leading enemy of the former Christian Democratic president, Osvaldo Hurtado. As a faithful ally of the oligarchy, he pledged a radical neoliberal economic policy and a relentless campaign against the left in Ecuador. The member from Hanns Seidel, Warnke, realized right away that Febres Cordero was "his man in Ecuador," and immediately asked Munich why the Social Christian Party of Ecuador was not getting money from its foundation. He asked for an immediate reply. Gepperth, head of

international affairs at Hanns Seidel, was confused. He immediately called his colleague in Quito, Steigert, to ask him what was going on and what the alternatives were for support to replace the DP. Steigert quickly realized that a new wind was blowing and in October he sent a report. He mentioned the anti-democratic behavior of the Social Christian government toward the opposition, its violent behavior in parliament (using stomach pumps and megaphones). An exclusive commitment from Hanns Seidel in favor of the Ecuadoran Social Party would be viewed negatively by the German Social Christians. However, he also presented some arguments in favor of such a change: the Popular Democrats were allied with the communists against the Social Christian government. The latter argument hit home.

On 12 October 1984, Gepperth wrote to his colleague in Quito: "Concerning the most recent events, I don't see any possibility of continuing to work with the present counterpart. The determining reason is the fact that the group which is behind this counterpart is working in the opposition with the marxists." Steigert immediately told this to the new director of the Ecuadoran Human Studies Foundation, Dr Jamil Mahuad Witt.

In the meantime, the president of the Latin American Christian Democrats, Dr. Aristides Calvani, stepped in. He wrote a letter to Warnke on 18 October 1984, but made the mistake of sending it to the Hanns Seidel office in Munich. The letter never got to Warnke. In it Calvani told Warnke: "In reality, the Social Christian Party of Ecuador is, despite its name, a political group which represents, in the negative sense of the term, the interests and rights of the local oligarchy. It is not a member of the ODCA, and the current president was the worst enemy of former President Hurtado." The head of the FEEH, Jamil Mahuad, responded to the Hanns Seidel Foundation that they were in agreement with the termination of the contract, but that they would like to wait for Warnke's reaction to Calvani's letter, a reaction that obviously never took place. He also wanted to go to Munich to clear up the matter in a friendly manner.

#### The Affair Grows More Complicated

In addition, the FEEH requested the payment of 350,000 DM for seminars and personnel costs. Mahuad moved to the offensive: on 30 October he delivered to the German ambassador in Quito a basic document on the position of Christian Democracy from the viewpoint of Popular Democracy. This document had the effect of a bombshell in the ministry of foreign affairs in Bonn. The new orientation of the German Social Christian Party was going to cause problems.

In a conversation with the ambassador of the FRG, Steigert realized that in view of the evolution of Febres Cordero's policies, the Hanns Seidel's new position was viewed with scepticism, as he said in a concerned letter to the headquarters in Munich. He then proposed that the foundation should get out from the FEEH as soon as possible, paying the money requested in order to avoid a worse scandal.



Nonetheless, things got more complicated. Steigert, acting as the organization's representative, told Mahuad that the contract was irrevocably rescinded as of 31 December 1984, and he enclosed a check for 80 percent of the accounts presented. He also told Mahuad that his trip to Munich was not necessary; they simply disinvited him. Instead of that, Gepperth went to Quito to enter into contact with his new "counterpart," the Social Christian Party, and to break definitively with Mahuad, using some pretext. The German Social Christians said that their foundations had to be independent of any political party, and in addition, they said they were beginning to get concerned about the DP's leftist tendencies.

Mahuad reacted and simply sent back the letter to Gepperth, increasing his financial demands. Gepperth threatened him with checking the activities of the Christian Democrats' Konrad Adenauer Foundation. Gepperth apparently thought that people from Konrad Adenauer in Quito had urged Mahuad to take Hanns Seidel to court in the FRG for breach of contract. In fact, an attorney from Freiburg had already been consulted, and according to Steigert's inquiries, this attorney had been recommended by the Konrad Adenauer group. The Hanns Seidel people came to the conclusion that the documents for the possible litigation were coming from the Konrad Adenauer office in Quito. At that point, Gepperth blew up.

#### An Illegal Contract

In his threats about the eventuality of litigation and in his arguments in favor of the dissolution of the contract with the FEEH, Gepperth mentioned some things that cast a very black shadow on the legality and activities of the Hanns Seidel Foundation in Third World countries in general. Gepperth said: "We also feel that the contract was never executed legally, and that in no way were any sort of activities carried out." But he tossed a boomerang that may come back to strike him. If the contract was never legal, on what basis did the Hanns Seidel Foundation receive funds from the German federal budget to finance its project? If it never carried out "any sort of activities," why did Steigert ask Bonn for funds for seminars? The answer is clear. The evidence presented to the German parliament would have difficulty passing more severe scrutiny. This is apparently merely financing given to political parties in Ecuador by foreign organizations, which is banned both under Ecuadoran law and under German law. In the meantime, cooperation was supposed to have begun between the Hanns Seidel Foundation and some organizations close to the Ecuadoran Social Christian Party, which is now in power in Ecuador. The odd thing is that the cooperation with the new counterpart group in Ecuador was not at all reflected in the budget documents presented to the German parliament for discussion. Despite the fact that the Hanns Seidel Foundation did present to parliament a project modification request for the change in counterpart, its budget documents for the deputies do not mention this political change in the counterpart. In Bonn, the project of the Hanns Seidel Foundation is still called "Administrators' Training," and it is numbered G 8428/40.

Let's summarize this situation: the Hanns Seidel Foundation has made its switch in political fronts: from supporting the Christian Democratic opposition to working with the government's Social Christian Party, thus following the policy advocated by the German minister Warnke. To compensate for this, the Konrad Adenauer Foundation is supporting the Christian Democrats: in 1986 it sent funding requests to the German parliament amounting to 7.5 million DM. The semiclandestine project whose funds were going directly into the treasury of the Christian Democratic Party, and whose accounts, with their "fictitious reports," are being examined in the German parliament, amounts to only 1.4 million DM. The lawsuit with which the FEEH threatened Hanns Seidel was not filed, thus avoiding litigation which might have endangered the work of all the German foundations in Ecuador.

The FEEH received from Hanns Seidel 95,000 marks of public funds to conduct seminars. These accounts may be verified, but their reliability has been cast into doubt by the head of Hanns Seidel, Gepperth; Gepperth himself has doubts about the legality of the contract signed by the FEEH and the Hanns Seidel Foundation. The personnel financing so strongly claimed by the FEEH based on the supplemental contract between Hanns Seidel and the FEEH, and about which the German parliament was not informed, was not paid by Hanns Seidel because, according to Gepperth, there were no work contracts corresponding to the funds sought. These funds were probably intended to support high-ranking Christian Democratic politicians who had set up the FEEH. Still, Minister Warnke, who had initiated the Hanns Seidel's change in political fronts, very surprisingly listed in his 1984 budget documentation 1.4 million DM for the Christian Democratic Foundation, FEEH. How can this be explained, if the Hanns Seidel accounts only justify the payment to the FEEH of funds from the federal parliament in the amount of 95,000 marks and if, once this had been paid, the contract was terminated? Might it be that the German parliament has taken over the "personnel costs" for the supplemental Hanns Seidel contract in order to soothe the ire of the Christian Democratic politicians about the cancellation of the contract? Might it mean that the German parliament has paid the price for saving Hanns Seidel?

On 27 October 1986, the newspaper TAZ spoke in Bonn with the former executive director of the FEEH, Dr Jamil Mahuad, who is now a Christian Democratic deputy in the Ecuadoran parliament. He was travelling in the FRG as the guest of the Konrad Adenauer Foundation. He was asked if the FEEH had received 1.4 million DM in funds from the German parliament through the Hanns Seidel Foundation. Mahuad could not remember. He had forgotten whether the money received amounted to 100,000 marks or was over 1 million. "I wouldn't want to try to give an exact figure, because I might be mistaken." Too bad for us that he has forgotten, even though he fought so hard for the "personnel costs." He further noted that for the time being the FEEH does not have any projects and that no support is coming from the FRG for the FEEH. We will add a comment of our own here: it seems that the FEEH doesn't even exist now, and if we let Gepperth think out loud again, probably it never existed.

7679

CSO: 3348/327

ID, CFP PARTIES FACE SIMILAR ELECTORAL PROBLEMS

Quito EL COMERCIO in Spanish 12 May 87 p A-4

[Article: "Parallel Lives" by Alejandro Carrion]

[Text] ID [Democratic Left] and the CFP [Concentration of Popular Forces] are now experiencing parallel lives. ID has a candidate from the mountains, from Quito no less, but if he is to get some votes in Guayaquil he needs a Guayaquil running mate, because he has not developed a strong enough party structure to guarantee him a majority of the votes in the port city. And these votes are essential if he is to win. And there is no doubt that the CFP, which has a Guayaquil candidate, needs a running mate from the mountains, one who will be readily accepted in Quito even if he isn't from Quito, to get votes in the capital, votes which may well prove to be indispensable.

There isn't much of a pool of candidates from which to choose a running mate. Facing the CFP in Guayaquil, Rodrigo Borja has only one option: the party known as PRE, which is a powerful dissident faction of the CFP, controlled by another faction of the superpowerful Bucaram family. DP [Popular Democracy] (a surprising name that Christian Democracy uses here) is not popular in the port city and so can not provide a running mate for the slate. The FRA has been reduced to the status of a local party. An absurd struggle among mini-leaders has destroyed the Democratic Party. Therefore, only the PRE, that is, its superpowerful leader, Abdala Bucaram, can provide a running mate for Borja. There has been talk of Alfredo Adum, of Roberto Dunn, and recently of Jacobo Bucaram, the older brother of the absolute leader. In reality ID has no other option, and if Abdala does not help, the difficulty of winning in Guayaquil or at least of getting a decent amount of the votes there is going to be very great.

The other side of the coin, the CFP's situation in the mountains, is similar. In Guayaquil, its birthplace, the CFP is even more powerful and that is where its candidate, Angel Duarte, is really popular, so getting a good voter turnout there will be easy. But in Quito the situation is completely different, because the CFP, essentially a Guayaquil party, has not been able to adapt itself to the hills of the Pichincha region. That is the truth. And while the DP has an average level of popularity in Quito and its province, in the end there is no other party that can come up with a running mate for Angel Duarte.

From this it follows that it is highly probable that Osvaldo Hurtado's heir apparent, Jamil Mahuad, may be the man who will follow in the footsteps of Dr Hurtado, who came into office as the CFP's running mate (for its candidate, Jaime Roldos) in 1979. If history repeats itself, Duarte will win, and the DP will return to its beloved CONADE. (The decor of the vice president's office has not been changed; it is still the same as what Dr Hurtado approved, so it will be a homecoming). Only it will not be advisable for Dr Duarte to come back very much.

Despite the generally unpredictable nature of politics in Ecuador, the situation that is now coming into focus for the possible slates is certainly not very varied, and it doesn't take much imagination to figure them out. If Borja does not find a running mate in the PRE, he will be in trouble; and if Duarte doesn't find one in the DP, things will also be fairly gloomy for him.

7679

CSO: 3348/327

# SHARP DECREASE IN PURCHASING POWER REPORTED

Quito HOY in Spanish 5 May 87 p 4-A

[Text] The purchasing power of the minimum wage dropped to the lowest level in recent years, decreasing from the barrier of 2,000 sucres, with the severe escalation in prices noted during recent weeks, as a result of the rise in fuel prices and the critical economic situation.

In fact, as may be observed on the graph, real wages (calculated by dividing the nominal wage by the INEC price index) fell to only 1,990 sucres during April, showing a 40 percent decline from 1980.

The purchasing power decreased sharply between 1980 and 1982, with a wage freeze recorded, compared with an inflation which amounted to 63.4 percent. During subsequent years, real wages have fluctuated between 2,000 and 2,200 sucres, with annual raises ordered that would compensate for the inflationary process.

The reduction in real wages is also reflected in the distribution of the national income: According to the Central Bank, the share of wages in the GDP has declined from 32.3 percent in 1980 to only 16.0 percent in 1986, dropping to half what it was.

Last year, there was an irregular performance, because an increase was ordered in October (they were usually made in January of each year), in view of the inflationary escalation following the measures of 11 August.

Nevertheless, as HOY predicted, this has entailed a severe deterioration in real wages during 1987, with no wage increase ordered at the beginning of the year; with the reactivation of the inflation resulting from the measures of 13 March, and the worsening of the crisis following the earthquakes of 5 March.

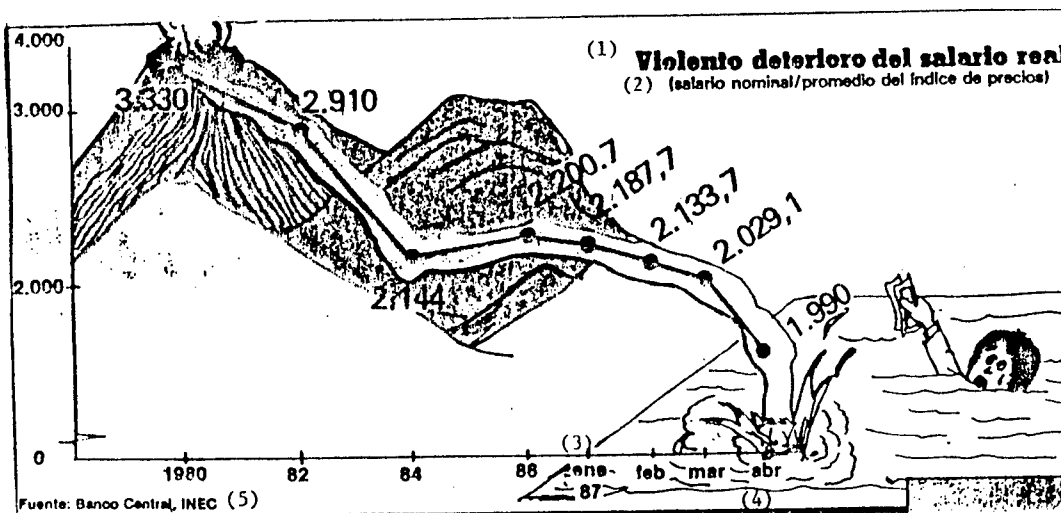
The National Congress is currently studying a bill for wage increases that would amount to 20 percent, whereby the minimum wage would rise from 12,000 to 14,000 sucres. This raise would only offset the increase in prices, and could result in a severe decline in real wages toward the year's end.

Considering the combined pay of workers (including supplementary wages, cost of living compensation, compensation for transportation, etc.), there has also

been a reduction in purchasing power. For example, according to the Central Bank, in 1980 a worker earning the minimum wage had a total monthly income of 5,850 sucres; this, compared with the basic family market basket costing 7,398 sucres, enabled him to meet 79.2 percent of his basic needs.

During the following years, there was a sharp decline so that, by 1985, the workers could meet only 54.1 percent of their basic needs, with a shortage of 12,000 sucres.

By April of this year, the University of Guayaquil estimates a minimal monthly spending of 31,469 sucres; which means that the workers would only provide for 57.2 percent of the basic market basket. It is estimated that a minimum wage of 20,000 sucres would be required to meet the basic necessities.



#### Key to Graph:

1. Sharp Decline in Real Wages
2. (nominal wage/average price index)
3. Jan
4. Apr
5. Source, Central Bank, INEC

<b>Participación (1) de las remuneraciones en el PIB</b>	
1980	32,3
1981	30,4
1982	28,8
1983	24,1
1984	20,7
1985	18,6
1986	16,0
(2) Fuente: Banco Central	

Key to Table 1:

1. Share of Wages in GDP
2. Source: Central Bank

<b>(1) Aumenta déficit entre ingresos y gastos</b>			
(2) Año	(3) Ingreso total	(4) Gasto mensual	(5) % del gasto cubierto
1980	5.850	7.389	79,2 %
1981	5.850	9.172	63,8 %
1982	6.607	10.375	63,6 %
1983	8.573	15.772	54,3 %
1984	10.312	17.168	60,1 %
1985	14.042	25.972	54,1 %
Jul 86	15.600	27.750	56,2 %
abr 87	18.000	31.469	57,2 %
Fuente: IIE-UCE; BCE; IIEP-UG (6) Elaboración: Diario HOY (7)			

Key to Table 2:

1. Increase in Deficit Between Income and Expenses
2. Year
3. Total income
4. Monthly expenses
5. % of spending covered
6. Source: IIE-UCE; BCE; IIEP-UG
7. Processing: newspaper HOY

2909

CSO: 3348/330

CENTRAL BANK PRESIDENT ON ECONOMIC GROWTH, EXCHANGE RATES

Quito HOY in Spanish 7 May 87 p 3-A

[Text] Yesterday, the manager of the Issuing Institute, Carlos Julio Emanuel, reported that, during 1987, the Ecuadorean economy will grow 2 percent, based on Central Bank estimates. The official also said that, in 1986, the economic growth was 2.9 percent, a result explained partly by the measures of 11 August, he claimed.

Moreover, Emanuel declared that there is currently a surplus of \$210 million in Ecuador's trade balance, despite the problems caused by coffee, and "despite what has been said about the imbalance between the supply and demand" for foreign currency on the free exchange market.

Defending the floating of interest rates, the manager of the Issuing Institute noted that its attempted repeal has no technical aspect, and is confined to the merely political realm.

Emanuel remarked that, although there has been a great deal of talk about the high cost of money, little is said about the increase in national savings that the floating of interest rates has caused.

The chairman of the Monetary Board, Federico Arteta, for his part, commented that the savings in the national financial system had increased by 111 billion sucres from December 1984 to December 1986, rising from 49 to 160 billion during that period. Furthermore, the accrual of capital in cumulative policies increased by 273.3 percent between August 1986 and February 1987, he asserted.

Emanuel called upon the detractors of interest floating to propose alternative measures if they want it repealed. Emanuel said: "The solution is not the flight of capital caused by the uncertainty generated by the decisions of the Congress and TGC."

The Central Bank manager noted that the withdrawal of funds from the cumulative policies is real, but he would not give any figures. He remarked: "One would need a crystal ball to establish it accurately."



The Central Bank manager declared that it would not be odd or surprising if, now, certain sectors should decide to stop the floating of the exchange rate on the free market.

Emanuel commented: "We might perhaps expect that soon, using rather strange arguments based on far-fetched ideas, they might also consider revoking the measures on exchange, because they too have brought results." He said that such an option "would not be at all surprising," given the situation that we are experiencing.

The chairman of the Monetary Board, Federico Arteta, observed that, if the floating of the dollar should be stopped, a real disaster would occur in the nation's economy, because many advantages that it has now would be lost.

Among those advantages he mentioned:

Independence in the monetary area;

Automatic adjustment of the external sector;

Setting of the price of foreign currency with the participation of suppliers and demanders, and not just the monetary authorities;

Self-sufficiency of the private sector in terms of its operations abroad;

Incentive for the exporting sector, based on a real value for foreign currency;

Gearing of the public sector to the foreign currency supply.

2909

CSO: 3348/330

## CONADE REPORTS INCREASE IN AGRICULTURAL PRODUCTION

Quito HOY (CIFRA, Revista Economica) in Spanish 14 May 87 p 11

[Text] Unlike what occurred during the 1970's, in the 7 years of this decade the agricultural sector has, on the average maintained a rate of growth in its production exceeding the increase in the GDP and, generally, at levels surpassing the population growth rate.

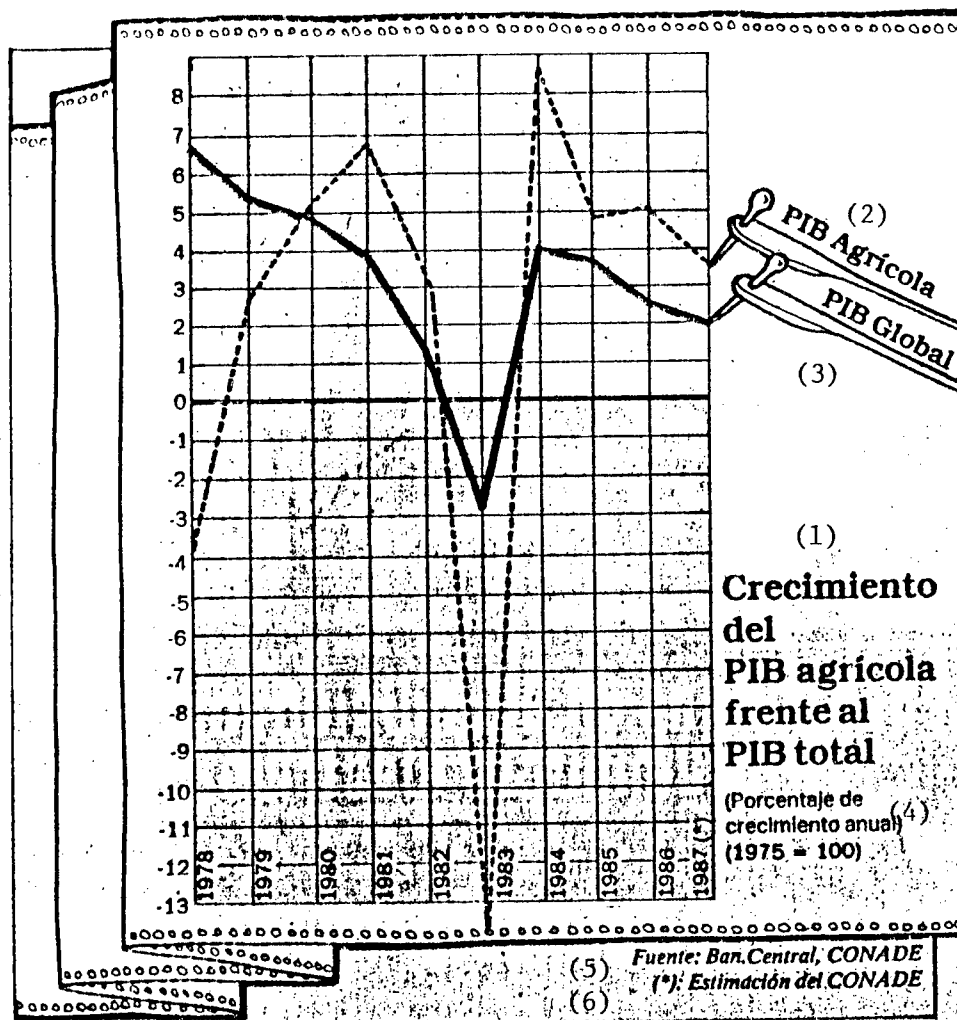
As one infers from the attached graph, with the exception of 1982 and 1983 (during which there were floods caused by the "Nino" current), during all the other years the agricultural production growth rate has exceeded the rates pertaining to overall production.

The high growth rate of 8.8 percent for 1984 may not be significant, because that year was, rather, a year of recovery, after the disaster caused by nature; but, as may be observed, during the next 2 years, the agricultural production rates of 4.8 percent in 1985 and 5.0 percent in 1986 may be considered satisfactory.

The high rates of increase in production noted throughout this decade have contributed considerably to keeping the rate of price increases from becoming higher.

Since a group of agricultural goods regarded as being of prime necessity holds a highly representative status in the family market basket used to establish inflation levels, the performance of this sector has a definite effect on the variations in the price index. Consequently, the high yields from the agricultural sector reached during the past few years have helped to prevent the economic crisis from being more deepseated.

Although the forecasts for 1987 are still important, because a rate of increase in agricultural production amounting to approximately 3.6 percent is expected, it seems to show a slightly downward trend in its expansion rate, which could have a negative effect on the increase in prices. In this regard, it is never superfluous to suggest that the maximum possible efforts should be expended to give an even greater impetus to its development, in view of the major influence that it has on the living standard of Ecuadoreans.



# Key to Graph:

1. Increase in the Agricultural GDP Compared With the Total GDP
2. Agricultural GDP
3. Total GDP
4. Annual percentage of increase
5. Source: Central Bank, CONADE [National Council for Development]
6. (\*) CONADE estimate

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CSO: 3348/330

## BRIEFS

CHANGES IN LEGISLATIVE FUNCTION VIEWED--People who think that congress should be unicameral feel this system would be able to pass legislation more quickly, particularly if the system is supported by a plenary body of committees, though they also recognize a need to moderate any possible excesses of a unicameral congress in its investigatory functions. Supporting this position are: the president of congress, Andres Vallejo; the former president of Ecuador, Osvaldo Hurtado; the Vicente Rocafuerte Secular University; the Consortium of Provincial Councils; the Association of Municipalities; the PSE [Socialist Party of Ecuador], the PD, PRE, CFP [Concentration of Popular Forces], and DP [Popular Democracy Party]; the National Federation of Peasant Organizations; the Ecuadoran Class Organizations Confederation; and the National Federation of Savings and Credit Cooperatives. The sectors supporting the bicameral option believe that the nation's political tradition calls for the reestablishment of two chambers; that the existence of one revisory chamber guarantees greater political stability, and that a bicameral system offers greater equilibrium in regional and provincial representation. A small sector also feels that former presidents of Ecuador should serve as senators for life. Those in favor of a bicameral legislature include: the vice president of the republic, Blasco Penaherrera; the Comptroller's Office; the Catholic University; the Justicialist Integration Front; the PCE [Communist Party of Ecuador]; the National Confederation of Public Servants; the Chamber of Industrialists of Pichincha; the National Federation of Accountants; and the Velasco Ibarra Studies Association. [Text] [Quito HOY in Spanish 14 May 87 p 7A] 7679

GOLD MINING POTENTIAL--During the next 2 years, Ecuador could become the second or third-ranking gold producer in the world, if the production techniques currently being used in many parts of the country are improved. During 1986, with a production of 9.8 tons of gold, Ecuador already ranked among the eight leading producers in the world, despite the very low output accrued from the Portovelo mines and the Zaruma deposits. The manager of INEMIN [Ecuadorean Mining Institute], economist Horacio Rueda, claimed in a lecture at the National Institute of Advanced Studies, that, over the next 2 years, Ecuador has a chance of raising its current gold production tenfold. Rueda noted that the Portovelo and Zaruma mines, currently operated with primitive systems and archaic techniques, represent an enormous mining potential for the country. Nevertheless, the production from these two areas amounted to only 1,920 kilograms of gold in 1986. According to the institute's figures, the only gold-bearing deposit with sizable production is the Nambija, where a production of 6 tons was procured last year. Rueda stressed the impetus given by the current government to the prospecting, exploration, and exploitation of the country's

mineral deposits. He remarked that, in INEMIN's 20 months of existence, 328 contracts have been approved, whereas during the previous 25 years, only 70 contracts were signed. The main challenge that the country faces to raise its mining production is the construction of a highway system that would connect the leading cities with the mining centers. Rueda cited as an example the isolation of the country's mining areas, recalling the enormous difficulties confronted during the rescue of victims of the last cave-in in Nambija, which buried several miners. The unstable working conditions under which the country's miners operate have become an obstacle to the proper exploitation of Ecuador's vast mining resources. One of the most tragic examples is the one being experienced in Nambija, where some 5,000 miners engage in their activity under subhuman conditions. Also conspiring against this source of wealth are the defective exploitation techniques, based almost exclusively on human effort, rather than modern techniques and systems. The same situation exists in Portovelo, Zaruma, and other mining centers in the country. [Text] [Quito HOY in Spanish 14 May 87 p 1-A] 2909

CSO: 3348/330

MLN PROPOSES CONSTITUTION BE SUSPENDED, AMENDED

Guatemala City PRENSA LIBRE in Spanish 16 May 87 pp 3, 36

[Text] "The National Liberation Movement Party (MLN) proposed as one of the measures for solving the country's problems and the government's failures to suspend and amend the political constitution currently in effect, because it suffers from many shortcomings which are constantly jeopardizing the nation's stability."

In a press release from MLN issued last night, it adds: "It is imperative to amend the constitution, in order to correct the course of action leading to the brink of danger; therefore, the constitution should be suspended for a judicious period of time, while the pertinent improvements are made."

It adds: "And, as a result, the Constitutionality Court and the Central American Parliament Plan should be abolished, because they are considered counterproductive to the legitimate national interests, in addition to entailing political, economic, and social costs impossible to assume."

MLN notes: "These are emergency measures that must be provided for, not only because of the government workers' request for a salary increase, but also because of the deterioration in the population's living standard and the general dissatisfaction regarding the failures of the Christian Democratic Government." It adds: "These measures have been suggested since the beginning of the present government."

Abolishing Spending

MLN continues: "It has been suggested that the public sector's operating expenses be abolished in the following areas: The Ministries of Special Affairs, Development, Culture and Sports, and the Ministry of Mines and Hydrocarbons, which would return to the Secretariat of the Ministry of Economy.

"Abolishment of the vice ministries, namely, two of the three in the Finance Ministry: that of labor, public health and social assistance; and one in the Ministry of Agriculture.

"A reduction in the total income of the president and vice president, so that they will earn only the amount allocated for salaries; and abolishment of the confidential millions that they procure through transfers of funds, which they usually spend so that there will be no detection of the approximately 35 million quetzales per year that the president's office has.

"A reduction in the income of ministers, vice ministers, general directors, and general secretaries. We know that the salary of a minister is quoted at 2,000 quetzales; but he takes in no less than 12,000 quetzales per month, including per diem, expenses for travel abroad and travel within the country, confidential sums, and representation expenses, etc.

"It also requests that the magistrates of the Supreme Court of Justice have a reduction in the salary of 9,000 quetzales per month assigned to them, plus a car, gasoline, bodyguards, and other privileges. A vice minister earns about 9,000 quetzales."

#### Elimination

"For these reason, MLN requests the elimination of the concealed confidential earnings and an overt allocation of expenses which cannot be reasonably proven for the Presidency of the Republic, the Ministry of Foreign Relations, the Interior Ministry, and the National Defense Ministry.

"Elimination of expenses that cannot be proven in the Congress of the Republic; abolishment of all exemptions and privileges for public employees; abolishment of travel, with the exception of that which is necessary, on the part of the Ministry of Foreign Relations.

"In addition, a total ban for a year on imports of any types of vehicles; total freedom for imports (except for agricultural and work vehicles), including free exchange with Central America, through private methods of payment among those interested, without obstacles from the Central Bank."

#### Political Reorientation

"In connection with the Central American issue, particularly that regarding Nicaragua, MLN proposed a realistic position that would make it possible to exert definite, strong, political and diplomatic pressure that would force Nicaragua to remove the backing of all kinds that it is giving to the subversive groups in Guatemala; and, to achieve this, we must give up the misnamed 'active neutrality.'

"Also, participation in an international alliance against the drug traffic. Enabling the citizenry to organize against crime in the capital areas, and privatization of certain semi-autonomous and decentralized entities, such as FEGUA [Guatemalan National Railways], Aviateca, FLOMERCA [Greater Central American Merchant Fleet], INDE [National Institute of Electrification], GUATEL [Guatemalan Telecommunications Enterprise], etc."

2909

CSO: 3248/320

UCN REJECTS SUSPENSION OF CONSTITUTION

Guatemala City PRENSA LIBRE in Spanish 19 May 87 p 2

[Excerpts] Yesterday, at a press conference, Ramiro de Leon Carpio, former president of the National Constituent Assembly and assistant secretary general of UCN [National Civic Union], declared: "I challenge the national leadership of the National Liberation Movement (MLN) to a public debate on the civic level, in front of the press, to debate its proposal to suspend the effective period of the Constitution of the Republic."

He added: "I am categorically opposed to the suspension of the constitution, because I consider that antijuridical, illegal, undemocratic, improper, and absurd; and also because the solution to the country's problems does not lie in attacking or suspending the constitution, but rather in attacking the real causes that have generated this national group of problems."

He gave a reminder that, "In the Constituent Assembly that issued the constitution, there were 22 UCN deputies, 21 from DC [Christian Democratic Party], and 20 from MLN-CAN [Nationalist Authentic Central Party]. They all debated and approved it."

He added: "What I want is to have the differences in the political proposals, as they crop up in this regard, discussed rationally, with reliability, responsibility, and intelligence, as a response to the maturity of the country's political leaders. For this purpose, I want the MLN national leadership to agree on a public discussion of its reasons for warranting suspension of the constitution and the latter's shortcomings; so that we may examine them as well, and I could have the opportunity to defend the constitution and prove to them that the suspension cannot occur either politically or juridically, except for reasons resulting from force, which the people no longer want to experience again."

He went on to say: "If they want to amend the shortcomings that the constitution may contain, it stipulates the mechanism for requesting amendments, and for making them."

He continued: "I call upon my friends and former Constituent Assembly members to meet the obligation imposed on them by the law to defend the constitution now and forever. Our constitution as been described by experts in constitutional law as one of the best and most advanced in Latin America."



"I trust that they will accept the challenge, because what they are virtually proposing is a coup d'etat. If several individuals leave the debate, I shall invite some former members of the Constituent Assembly to participate."

He concluded by saying: "The suspension of the constitution would be a break in the institutional order; only for reasons of force could the suspension occur, but this would be a coup d'etat."

2909

CSO: 3248/320

MLN REFUSES TO DEBATE PROPOSED SUSPENSION

Guatemala City PRENSA LIBRE in Spanish 20 May 87 p 4

[Excerpts] Yesterday, the National Liberation Movement (MLN) rejected the challenge made to it to publicly debate the reasons that this party gives for suspending the Political Constitution of the Republic by Ramiro de Leon Carpio, former alternate president of the National Constituent Assembly and assistant secretary general of UCN [National Civic Union].

Juan Carlos Simons, speaking on behalf of MLN, declared: "We do not accept that debate for several reasons. First, it is not a political 'show' that we want; because we distributed the document in which we call for the suspension of the constitution and the Constitutionality Court directly, among the organizations which we publicly invited.

"Second, because our intention has been to publicly debate the solutions to the disastrous national situation, not only with a political party, much less a single leader from one of them; and, third, because MLN will not help to give the floor to a politician who is currently in the secondary ranking, with desires of standing out for any reason.

He added: "We in MLN would like to see a serious attitude for discussing the entire proposal that we made for elimination of the ministries and vice ministries, a cut in the excessive, disguised income of government employees, removal of both privileges and confidential spending, reactivation of the economy, and abolishment of the obstacles to production and investment."

Juan Carlos Simons concluded by announcing: "As for the way of amending the constitution, we propose one method; however, since other devices may be suggested, we are willing to listen to proposals. The important thing is that we agree that it must be changed to achieve the national stability that we all desire; because, with the present one, the problems will continue."

2909

CSO: 3248/320

LABOR LEADERS PROTEST HUMAN RIGHTS VIOLATIONS

Guatemala City EL GRAFICO in Spanish 23 May 87 pp 10, 20

[Text] Guatemala City, 23 May--Yesterday, in Old Guatemala City, a meeting of labor leaders from various nations in the region concluded with an expression of repudiation toward the Guatemalan Government "for its flagrant violation of the most fundamental human and labor union rights."

The meeting was called by the International Conference of Free Trade Union Organizations (ICFTUO), and the Inter-American Regional Organization of Workers (ORIT). Leaders from El Salvador, Honduras, Nicaragua, Costa Rica, Panama, the Dominican Republic, Belize, and Guatemala participated in it.

The meeting of labor leaders was held to "analyze the economic crisis and the foreign debt of our countries."

It was reported that a special point on the agenda was the analysis of the current status of the Guatemalan labor movement, since it was here that the forum was held.

The leaders' statement is contained in a communique dated 20 May, and signed by all the participants, including 12 Guatemalan trade unionists.

They make the following declaration:

"1. Our most forceful protest to the government of President Vinicio Cerezo, and especially to the interior minister, Juan Jose Rodil Peralta, over the flagrant violation of the most fundamental human and labor union rights in Guatemala, through intimidation, persecution, kidnapping, and murder of leaders and members of the Guatemalan labor movement.

"2. Our repudiation for the violating positions assumed by the minister of labor and social security, Catalina Soberanis, upon not recognizing the legal status of over 100 trade union organizations created by the Confederation of Trade Union Unity of Guatemala (CUSG); thereby violating the ILO's Conventions 87 and 98 relating to the workers' legitimate right to free trade union organization upheld by the fundamental principles of democracy, something that President Cerezo has tried so much to promote in the international realm.

"3. Our decided support and that of all the workers whom we represent, to our comrades in CUSG; and especially to its leaders who, in their struggle to achieve a true democracy, are risking their lives with so much intimidation and psychological violence to which they have been subjected; to the extent that, today, they were threatened with the exploding of their headquarters, in another act of repression and violence against the labor movement, which CUSG generously represents throughout the country.

"4. We shall denounce all these positions in our countries of origin, as well as to the ICFTUO and ORIT, so that they too may make statements protesting them, and lend CUSG their unlimited support."

2909

CSO: 3248/320

PAST, FUTURE IMAGE, ROLE OF MILITARY EXAMINED

Port-au-Prince HAITI LIBEREE in French 24-27 Apr 87 pp 1, 8

[Editorial by Pierre Raymond Dumas: "The 'Professionalization' of the FAD'H]

[Text] Two significant events occurred in April, leaving a mark on the traditional profile of the institution of the armed forces in Haiti. First, there were "changes" inside the institution itself. Key among them were the retirement of Brigadier General Beliotte and Regala's promotion to brigadier general and deputy chief of staff. The other event is strikingly symbolized in the way in which the referendum unfolded: The Army demonstrated a surprising degree of rectitude. There remains the haunting question of the institution's structural adaptation as a democratic body.

The promotions, retirements and transfers within the FAD'H (Armed Forces of Haiti), which were effected by the National Governing Council, clearly appear to be the first major shake-ups in the Army in the post-Duvalier era. For some ad hoc commentators on the Army, or on the event itself, they are signs of a process of professionalization. But the word "professionalism" is inappropriate for several reasons. The main policy that the high ranking officers have defended up to now, in the name of the nation's and the military's interests, is centered on preserving institutional unity. This enabled the security forces to avoid extreme slips detrimental to national integrity.

In the post-Duvalierist times we live in, the Army is seen as having "introduced" Duvalierism into our society. This historic truth is now giving rise to all manner of accusations, fault-finding and doubt, as it could not fail to do.

In a constructive fashion, I would rather turn this chorus of accusations, fault-finding and doubt into queries. How does the transition to democracy constitute a challenge, both discomfiting and inspiring, to the Army itself? Is the Army capable of surpassing itself without breaking apart? The answers to these fundamental questions cannot be found in any political speculation. Nearly all the present analyses of the Army in Haiti are caught up in political battles of ideas. They are springboards for power-hungry politicians who claim to be democratic. They allow many to detect the lingering effects of Duvalierism in the democratization process. In my view, we must go beyond immediate assessments of the Army. They are going after the institution as an entity, beyond the obvious and the "sure points."

On the face of it, the essence of the debate is the reform of the Army. And yet, we know that reform, as strongly as it may be desired, is more a problem than a solution. We have, no doubt, a great deal to learn about the astute games played by the high ranking who hold decision-making power.

It goes without saying that recent changes--carefully thought-out decisions reached by common accord--are primarily measures to strengthen central authority and institutional cohesiveness, so severely put to the test since 7 February. As proof, there is the promotion obtained by Regala, the most senior detached officer of his class. It could also be seen as an affirmation of the principles of hierarchy and authority. This is borne out, moreover, by the very large number of retirements, transfers and appointments....

However, this view of things is not complete. The organizational and operational values of the FAD'H are linked to the country's socio-historic structures and in its relationships with foreign countries. The career or professional army has developed and existed outside of party and class interests since the 19th century. Since the American occupation, the armed service has never ceased to be a partisan force serving oligarchic and trans-national interests.

One of the salient traits of the FAD'H is the supremacy of certain commands and "military departments." This makes it difficult at present to form an effective upper level general staff. Under the old regime, officers often had direct access to the chief of state. The upper level general staff's function was diminished. This meant that the military officers, most of whom came from the middle and working classes after 1957, adopted the values enshrined (and defended) by those in power. The chaotic and privately-run structure was an eloquent testimony to the supremacy of individual interests and the inexistence of a civilian society.

A few words remain to be said about what the professionalization of the Army in Haiti actually entails as we near the close of this century. As we have briefly seen, the past weighs very heavily on the present. The Army must first find a new role because, by definition, an army that only defends the interests of a class can only be an army of occupation. Defending the higher interests of the nation is the mark of the modern, state-controlled army. It is therefore evident that the examination of the military is one of the crucial debates of our time. This is why we must return to what is precisely at stake here, i.e., the emergence of a modern, state-controlled apparatus. Two things are certain: 1) it is impossible to speak of reforming the Army without speaking of reforming the state; 2) democratic government cannot take root and flourish without a career army.

12413/12828  
CSO: 3219/9

LIST OF RECOGNIZED, REGISTERED PARTIES PUBLISHED

Port-au-Prince HAITI LIBEREE in French 29 Apr 87 p 1

[Official notice from the Ministry of Information and Coordination]

[Text] The Ministry of Information and Coordination announces that, on the basis of information made available by the Ministry of Justice on 23 April 1987, five Haitian political parties have been granted legal recognition and nine others have been registered in accordance with the decree of 30 July 1987.

The recognized political parties are: Mobilization for National Development (MDN), led by Mr Hubert de Ronceray; Social Christian Party of Haiti (PSCH), led by Mr Gregoire Eugene; Union for Haitian Renewal (URH), led by Mr Edouard Francisque; Haitian Revolutionary Party (PRDH), led by Mr Louis E. Attis; and Party of Haitian Patriots (PPH), led by Mr Francois Magloire.

In addition, the registered parties are listed below: National Union of Democratic Forces (UNDF), led by Mr Michel Lamartiniere Honorat; Movement to Organize the Country (MOP), led by Mr Greger Jean-Louis; Authentic Haitian Party, led by Mr Serge Beaulieu; National Party for the Defense of the Workers (PNDT), led by Reverend Dumas Arnold; Alliance for the Rebirth of Haiti (ARH), led by Mr Alex Dominique; Haitian Party of God (PARADIS), led by Mr Richard Vladimir Jeanty; Movement for the Establishment of Democracy in Haiti (MIDH), led by Mr Marc Ls Bazin [as printed]; and National Labor Party (PNT), led by Mr Thomas Desulme.

Port-au-Prince, 28 April 1987

Office of the Director of Information

12413/12859

CSO: 3219/11

HAITI

PAIN EXECUTIVE COMMITTEE EXPLAINS DELAYED REGISTRATION

Port-au-Prince HAITI LIBEREE in French 30 Apr-4 May 87 p 8

[Text] The Executive Committee of the National Agriculture and Industry Party (PAIN) wishes to notify its unfailing adherents and supporters that the party will be officially registered with the Department of the Interior on Tuesday, 5 May 1987, in accordance with the requirements of the Law on Political Parties and the Constitution of 1987.

The committee also wishes them to know that it had purposely not submitted the pertinent documents, which have been ready since December 1986, to the Department of the Interior, in anticipation of the vote on the constitution and its promulgation in LE MONITEUR. This was to make certain that the new constitution would guarantee all citizens' rights and that the political parties would be allowed to participate in the democratization of the country.

To all those who contacted us after having heard or read in the media that the party was not on the list of approved parties, the committee gives its assurance that the framework for the party's representation in all municipal districts, municipalities, arrondissements and departments has been installed which will enable the party to participate in the upcoming elections at all levels.

In response to the absurd rumors that were circulated by certain political leaders, the committee considers it its duty to inform all of its adherents and supporters that its leader, Louis Dejoie II, has made no alliance with any presidential candidate and that he is, and remains, the party's sole official candidate for the November 1987 elections.

Port-au-Prince, 29 April 1987

Louis Dejoie II, Chairman  
For the Executive Committee

12413/12859  
CSO: 3219/11



FORMATION OF PROVISIONAL ELECTORAL COUNCIL CHALLENGED

Port-au-Prince LE MATIN in French 13 May 87 pp 1, 8

[Text] In a memorandum published last week, the Association for the Defense of the Constitution states that a public official cannot be a member of the Provisional Electoral Council. What does the Constitution say on the subject?

Article 96 stipulates that the members of the Permanent Electoral Council cannot occupy any public office or be a candidate for an elective office for the duration of their term. In its spirit, the article is aimed at protecting the Permanent Electoral Council from pressures and maneuvers on the part of the Executive Branch relating to the obtention of a post in the civil service, thereby assuring members of the Council of job security during the 9 years of their term.

In contrast, Article 289 of the transitional provisions concerning the Provisional Electoral Council does not make such a stipulation of not holding public office, except in the case of the member to be appointed by the Executive Branch. How is one now to interpret that article. While its paragraph 1 states specifically that the National Government Council is to name a non-civil servant, this implies that the condition does not concern the other institutions for which the condition is not mentioned.

Actually, this Article 289 fully recognizes the right of the Advisory Council to name a member to the Provisional Electoral Council without any special restriction. The person appointed may or may not be a member of the Advisory Council and if he is, he will henceforth sit on the Provisional Electoral Council.

We would recall that the Association for the Defense of the Constitution has no legal authority to interpret the constitutional text. Any interpretation on its part is equal to that of any citizen. We do appreciate the formation of such an association, but it must be sure not to sow confusion in people's minds by misinterpreting certain provisions of the constitution.

If such were the case, it would finally lose all credit with public opinion.

11,464

CSO: 3219/23

PRESENT POLITICAL SITUATION ANALYZED

Port-au-Prince HAITI LIBEREE in French 14 May 87 p 2

[Article by Pilar Santaluci: "What About the Political Situation Today?"]

[Text] A nation that has come to its senses completely or almost completely, that has recently refused to respond to appeals from political instigators pursuing interests it does not share. A considerable reduction in the inflationary pressures that had so severely hit the needy classes during the last years of the Duvalier regime. Major public projects undertaken quietly here and there by a government that ostensibly refuses to take the easy path of political demagoguery. The masses' nonparticipation in the latest general strike movements proposed by the extremist left. The premature failure of the aims of the latter concerning the creation in Haiti of that "permanent state of revolution" on which it was counting so that, taking advantage of the chaos, it might grab power for the benefit of the foreign policy of a foreign power, which obviously finances popular unrest.

The latest appeal for wildcat demonstrations originating in workers sectors manipulated by the anarchist-communists proves that despite the formal denial provided by all these facts, the opposition to the transitional government continues to make itself ridiculous by predicting misfortunes that have never happened, deviations never recorded in the political line of a government headed by a general who has made honesty, respect for one's word and calmness in the face of all the agitation from so many politicians whose ambition is presidential power, his hallmark.

The effect produced by those politicians has been truly pitiful. Yesterday, they were predicting poor participation in the latest referendum. The result: Never in the course of our history have we registered such a large number of voters who rushed to the polls in both urban and rural areas. Only yesterday, the same people, always the same, were conjecturing that the National Government Council would not publish--what ineptitude!--the constitution that the Haitian people had so massively ratified. The result: Precisely 2 weeks after the announcement of the official results by the ad hoc commission, the JOURNAL OFFICIEL did publish them.

Immediately thereafter, one could read an article by a member of that "diaspora" (which has both good and bad), one who is also a candidate for

the presidency of Haiti, an office so coveted by personages recommended by none of the qualities so desperately needed by the poor Haitian people, or rather, by the only one that counts in the eyes of that same diaspora: that of having fought the regime abroad with such lack of success, of which we are only too well aware, and this for all kinds of reasons, the main ones being a lack of any concern for analysis, an absence of organization, an intellectual inability to conceive a good strategy of action and that congenital flaw which marks our best brains: credit granted to methods born of improvisation. At any rate, one could read his opinion, I repeat, an opinion that is the most unheard-of thing, the most unthinkable idea before hearing it, one that nevertheless merited first-page honors in a newspaper headed by people that one might have ranked among our best on the intellectual level concerning the unconstitutionality of the National Government Council.

The candidate claims, in fact, with the joy felt by a scientific researcher on the brink of a sensational discovery, that the presence of the two military men on the National Government Council was unconstitutional.

To make that claim, he relies on the provisions of Article 267 of Chapter I of the Armed Forces that reads as follows: "Personnel on active duty cannot be named to any public post (sic), except temporarily, to carry out special duties." (Our emphasis.) And, ruling on the transitory provisions of that same constitution stipulating that the National Government Council "remains in office until 8 February 1988," he concludes that the Council must remain without the men belonging to it.

Now then, the expression "on active duty" [en activite] is used to describe one who performs the duties of his position or rank, mainly in the military service. In the military, active duty expresses the position of any individual counted in the numerical force of the armed forces, either as an enlisted man, officer or noncommissioned officer carrying out "the duties of his rank. It is interrupted by unlimited congresses, availability and nonactive duty" (reference: "Le Grand Larousse Universei").

Consequently, Generals H. Namphy and W. Regala are no longer on active duty, in fact or by law. And even if they were, since the National Government Council is by nature a transitional structure and therefore, essentially temporary, they could be members, all other things being equal.

It has been truly confusing to see the return from such a distance of candidate who would govern us all, so stunned that we failed to realize that, from the very beginning, the National Government Council has been a de facto government, one that established and renewed itself at least twice. It is a formula of government that does not exist in any of our legislation, one whose basic structure is military-civilian. Consequently, to admit the existence of the National Government Council, as the constitution does, is to accept at the same time the presence of military men within it.

We live in a world where, curiously enough, no sanctions exist, one where absolutely anyone can talk whatever rubbish he pleases and without creating

any stir. It is time for the sane portion of our population to rise up or learn to rise up against such lunatic statements by those pseudo leaders. Otherwise, this country, unfortunately mainly made up of illiterates, will inevitably move toward a great catastrophe caused by incompetence and stupidity combined with a fear of others.

We tend to harbor the belief--as the "Jean Claudists" did toward the end of their rule--that foreign lands could confer on those who spent time there the intelligence with which they were not endowed at birth, or a culture they never took the trouble to acquire. This has had the effect of giving us the Chanoines, the Mercerons, the Anthony G. Pierres and so many others. The poor people who remained behind--because they had no choice--living on their native soil, could be but midgets, poor fools or blithering idiots alongside them. Macoutes to boot. Moreover, this sad category of individuals would include all those who might not belong to that sacrosanct diaspora. Such statements would rouse general condemnation if they did not reveal the mental weakness of those who make them.

I am not unaware of the fact that in saying this, I am guilty of a crime of opinion in the eyes of these new gravediggers of the Haitian nation, an adapted version of a neo-Duvalierianism that is now reportedly supported, not so much the partisans of the two Duvaliers as by certain individuals who, newly arrived on the political scene, try, either through slander or threats of all kinds of brutality, to require unanimity on their personal ideas.

The Duvalier or Macoute spirit is found in full bloom in several members of this diaspora which, probably for having suffered so much under that iniquitous, sole regime because of its perversity, think they enjoy all rights. It is a regime that sank catastrophically into a past from which it can never return. The most authentic representative and standardbearer of that regime allegedly sought to assume a foreign nationality, according to part of the press.

The appearance of that spirit in the members of this diaspora that will undoubtedly take power in 1988 (but for how long?) makes us wonder about the future of democracy in this country. That spirit, made of intolerance and rejection of part of the population's right to live, must be fought vigorously by all media concerned about the nation's future. It must be condemned whenever it appears so as to remodel the brains of these Haitian young people who, having been born and grown up under the Tonton Macoute reign, has been suckled on the milk of the regime and is now so marked by those 30 years of injustice and anachronistic barbariousness. The lack of unity of the Haitian family, begun by the Duvalierists, may well continue with the anti-Duvalierists (who are that only outwardly), thus endangering the national integrity.

We thought that things had calmed down, that the old demons haunting the Haitian soul would have silenced their secular rancor while awaiting the pathetic moments when the future of our country and finally returned to the hell from which they should never have emerged. We were mistaken. They are still there, sharpening the daggers with which they will assassinate the country. Fortunately, they have lost much of their following in the real country, which has, in spite of everything, remained profoundly healthy!

PROVINCIAL ELECTORAL COUNCIL FORMED

Port-au-Prince HAITI LIBEREE in French 15 May 87 pp 1, 12

[Text] Considering Articles 285, 285-1, 289, 289-1, 289-2, 289-3 and 292 of the Constitution;

Considering the proclamation of 7 February 1986 of the National Government Council;

Considering the order of 7 February 1986 concerning the dissolution of the Legislative Chamber;

Considering the message of 13 April 1987 announcing the new composition of the National Government Council;

Considering that in application of the provisions of the 1987 Constitution, it is necessary to establish an organization entrusted with the task of ensuring the normal conduct of the coming elections on the political calendar of the National Government Council;

On the report of the ministers of Interior and National Defense, Justice, Information and Coordination; and

Following deliberation by the Council of Ministers;

The following is hereby ordered:

Article 1. There is hereby created a special organization named the Provisional Electoral Council responsible for drafting and executing the election order governing the coming elections.

The seat of the Provisional Electoral Council is in the capital. It has competency throughout the territory of the republic. Its term ends as soon as the president takes office.

Article 2. The Provisional Electoral Council has as its duties to:

a) draft the proposed electoral order and submit it to the National Government Council within 2 weeks of the taking of the oath by its members;

- b) ensure that the statements of candidacy conform to the Constitution and the law and notify those involved and the Ministry of Justice of its decisions within 3 days of the receipt of those statements;
- c) ensure respect for the constitutional and legal provisions relating to the coming elections; and
- d) prepare its bylaws.

Article 3. The Provisional Electoral Council is made up of nine (9) members appointed as follows: one by the Executive Branch, not to be a civil servant; one by the Episcopal Conference; one by the Advisory Council; one by the Court of Appeal; one by the Human Rights Protection Organizations not participating in the elections; one by the University Council; one by the Press Association; one by the Reformed Churches; and one by the National Council of Cooperatives.

The members of the Provisional Electoral Council are named by an order of the National Government Council.

Article 4. At the time of taking office, the members of the Provisional Electoral Council take an oath before the Court of Appeals, which reads as follows: "I swear to respect the Constitution and the provisions of the Electoral Order and to perform my task with dignity, independence, impartiality and patriotism."

Article 5. The members of the Provisional Electoral Council cannot, as long as they are in office, be a candidate for any elective office in the coming elections or occupy any public post incompatible with their status.

Article 6. The decisions of the Provisional Electoral Council are motivated and made following deliberations and a two-thirds majority of the members. They may be appealed to the Civil Court of Summary Procedure of the election district concerned.

The case will be introduced by a petition based on an abbreviatory order. The petition and the order will be made known to the Provisional Electoral Council through any one of its members. The case will be heard immediately, without postponement or awaiting scheduling, and the decision is to be handed down in 24 hours, subject to penalties provided by law.

The opposition and the appeal are not open to a similar order and the judgment can be attacked only through the Appeals Court in accordance with the procedures and conditions provided by law for urgent affairs.

Article 7. In case of a vacancy created by death, resignation or any other cause, the National Government Council provides a replacement for the remainder of the term.

Article 8. The Provisional Electoral Council must channel all documents in its possession to the clerk of the Court of Appeals within one week of the proclamation of results.

Article 9. The Provisional Electoral Council has no other powers than those provided by the constitution, this order and the Electoral Order.

Article 10. This order abrogates all laws or provisions of laws, all orders or provisions of orders, all decree-laws or provisions of decree-laws that are contrary to it and it will be published and executed by virtue of the proceedings of the ministers of Interior, National Defense, Justice, Information and Coordination, each in his own jurisdiction.

National Palace, Port-au-Prince, 13 May 1987, 184th year of independence.

Henry Namphy,  
Lieutenant General, FAD'H  
President

Williams Regala  
Brigadier General, FAD'H  
Member

Luc D. Heictor  
Member

By the National Government Council (followed by ministers' signatures)

11,464

CSO: 3219/23

GREGOIRE EUGENE STATEMENT PUBLISHED

Port-au-Prince LE NOUVELLISTE in French 4 May 87 pp 1, 4

[Statement by presidential candidate Gregoire Eugene: "To My Admirers As Well As My Detractors"]

[Text] In the face of propaganda the source of which it would scarcely be difficult to trace, we insist on stating:

a) There has not been any question, is no question, will never be any question of our renouncing our candidacy for the presidency in the November 1987 elections. With the assets we benefit from in abundance and which have enabled us to occupy such a comfortable position in the Finance Ministry, we have after all no reason, absolutely no reason, to renounce a candidacy as logical and soundly based as this one. Let this be said once and for all.

b) Yesterday some people tried to impugn us under the pretext that we had "received money." Today they would like to contest our candidacy because, they claim, we do not have "the money" to conduct such a campaign. Decidedly, Boileau's indignant tirade is an eternal truth:

"Money, money, they say, without it all is sterile.  
Without money virtue is a useless appurtenance.  
Money arouses the scoundrel in an honest man.  
In the courts only money elects the judges."

Well, in spite of everything we want to say that we have been neither the only nor the first impoverished candidate to have succeeded in putting together a sufficiently well-stocked election campaign fund. This can be verified in all elections, in Haiti as well as pretty much everywhere in the world, as in France, the United States, etc.

Some people give you to understand that they are very sympathetic to your candidacy and that they will provide you with financial aid as soon as you begin to "become a hit" and mobilize your voters. Now to mobilize them you first have to have the means, if only for travel expenses and expenses for setting up offices throughout the country. This is the vicious cycle in which you find yourself trapped, candidate.



c) It is a fact that we have election arguments that no one else possesses. And they are weighty ones. Even if it were only for our having fought this democratic battle against Duvalier in the interior of the country through FRATERNITE. So read FRATERNITE again! For Having long before His Holiness Pope John Paul II's homily of 9 March 1983 established the fact and claimed that "things are changing in this country"; for having succeeded in imposing on the Duvalier clique your return to the country from which you were exiled in consequence of the general repression of 28 November 1980; for having, since this return to the country, despite the SD [not further identified] who tailed you like your shadow, despite the constant dangers that threatened your life, resumed the democratic battle until our second arrest on 19 June 1984. Yes, we have too many testimonials from that battle for there to be any question of our abandoning [the campaign].

d) People should know that some candidacies are and always will be impossible in the national contest in which we live. No evolution--let us say rather no "regression"--can change the course of history. In any event, if we succeeded in surviving the Duvalier regime, conducting the struggle with the means available to us then, hanging on for 3 years of exile during which we suffered all possible and imaginable privations--yes, when we displayed so much determination--it is not after having seen the Duvalier regime crumble that we would begin to doubt ourselves to the point of thinking of abandoning the campaign. On behalf of all those about whose fate FRATERNITE's articles and photos expressed our indignation, in the interests of all the damned souls of the hell of Haiti, we are condemned to advance. And to succeed.

e) So, I address all of you: former pupils, former students, admirers, followers, all those who realize that in a national situation as fragile, as explosive as ours we need moderation, patriotism, dedication, honesty, solid social convictions, indisputable democratic testimonials, a well-understood Christianity. I reiterate to you all the plea already expressed: Help us put together an election campaign fund. And if you are thinking of doing it, it is not for next month, it is not for next week, but for now. The campaign must be continued without interruption right up to the polls in November. It will therefore require of us that we at all times have access to the funds needed for the execution of our action program.

1,466

CSO: 3219/16

## BRIEFS

BRIDGE CONSTRUCTION STALLED--The company SINTRA arrived in Mirebalais 21 days ago to build bridges over the MMeille and Jumbal Rivers. It is having difficulty starting up construction, company officials explain, because the materials are being held in customs in Port-au-Prince. [Text] [Port-au-Prince HAITI LIBEREE in French 24-27 Apr 87 p 5] 12413/12859

PEASANT FEDERATION FORMED--A federation of peasants has been formed in Petite Desdunes. It includes the communities of Bois-Dehors, Bellevue, Aux Sources Nord, Aux Sources Sud, L'Estere Large Machine, Pingnin and Grand Rac. The aim of the federation is to defend the peasant interests. The bonds between them are being strengthened by an ambitious plan, the construction of a community market in Petite Desdunes. Each of the towns mentioned above has already contributed funds or made a contribution in kind toward the realization of this project. An appeal has gone out to all peasants in and about these areas to help the river area residents of Petite Desdunes make the project a reality. [Text] [Port-au-Prince HAITI LIBEREE in French 24-27 Apr 87 p 5] 12413/12859

RADIO SOLEIL ANNIVERSARY--The 30 April was the anniversary of the big, popular radio station, "Radio Soleil." Radio Soleil played a decisive role in the fight for the triumph of democracy and liberty. Last Thursday Radio Soleil celebrated its ninth anniversary with, without a doubt, the legitimate satisfaction of having fought a good battle. It has gone through some tough ordeals these past few years. But it has unremittingly pursued its effort to educate people. This year a special program provided the Radio Soleil celebration with a style that was both original and local: A peasant singing contest was organized last Thursday at the Marie-Jeanne Lycee. According to one of the members of the valorous Radio Soleil team, the 30 April represents for the staff of this press organ an occasion to reflect on the path that has already been covered before setting out on the path of the future with greater commitment, wisdom and humility. LE NOUVELLISTE extends its heartiest congratulations and wishes for continued success to Radio Soleil. [Text] [Port-au-Prince LE NOUVELLISTE in French 4 May 87 p 4] 11,466

YVES AUGUSTE DETENTION--To date, the case of engineer Yves Auguste (a professor at the University for the Sciences), arrested on 13 March 1987 as a result of the Mariani affair, has not yet been closed. Arrested at the same time as his brother, Carl Auguste, Professor Auguste has not yet appeared before his appropriate judge, after being held for nearly 2 months now. The public still does not know what he is charged with; we are merely sometimes told that he is being held by the police, sometimes that he is in the national penitentiary and that he has already been interrogated by the government commissioner who is

supposed to have handed him over to the examining magistrate. We do not know anything else about the Professor Auguste case, which grips the attention of the public in terms of the fact that it may enable the public to become aware of the changes in speed at which the legal system operates, changes suggested in the new Constitution and the new sociopolitical contest. [Text] [Port-au-Prince LE NOUVELLISTE in French 4 May 87 p 4] 11,466

CSO: 3219/16

## LAINO DISCUSSES CREATION OF 'NATIONAL STRUGGLE FRONT'

PY231430 Paris AFP in Spanish 2237 GMT 22 May 87

[Text] Asuncion, 22 May (AFP)--The opposition coalition the National Accord in June will create a National Broad Front of Struggle for Democracy [Amplio Frente Nacional Para la Lucha for la Democracia], Domingo Laino, the recently repatriated political leader, told AFP today.

Laino, who this Monday will assume the presidency of the Authentic Radical Liberal Party (PLRA), which is a member of the National Accord, said that the Front's main objective will be to integrate all anti-government political and social groups. He said that the National Accord no longer meets the aspirations of the democratic opposition because it lacks rallying power.

We have come to realize that something is wrong. It is the self-imposed limitations of the National Accord, which does not allow more social, peasant, and such organizations to join, all because of the ineffective leadership of the coalition, Laino stated.

He said that as president of this party, he will immediately begin a tour of the interior of the country to meet with party cadres, and thus take advantage of the timid liberalization allowed by the regime since lifting the state of siege on 9 April.

He added that the National Broad Front of Struggle for Democracy will be created through a national coordinating board which will prepare a minimum plan of struggle to raise awareness and to promote popular action.

Laino stated that the Front will be made up of the authentic leaders of the various organizations and that they will assume the historical responsibility for conducting the nation to a true democracy. He then said that the Front will contact the ecclesiastical authorities who are promoting the National Dialogue, to see the possibility of imparting momentum to this Dialogue.

The National Broad Front of Struggle for Democracy will be launched at a rally in the Plaza de los Heroes of Coronel Oviedo on 21 June, when the Proclamation of Coronel Oviedo creating the Front will be released.

Laino set the premise that a divided opposition will never be a match for the current regime. He said in conclusion: I believe that the opposition agrees that a unifying policy is necessary and that it can be implemented with only a little more imagination and creativity.

## ALBERTO KITAZONO ON APRA REORGANIZATION

Lima Equis X in Spanish 11 May 87 pp 27-29

[Interview with APRA Organization Secretary Alberto Kitazono by Amelia Villanueva Ramirez; first two paragraphs are introduction]

[Text] "My fondest wish is democratization. I know my party. I have experienced it in all of its forms and aspects, and I would really feel fulfilled if every citizen could become involved in politics. Until some 10 or 20 years ago our country was sort of wary of politics, and to the extent that I identified somewhat with politics because I was involved in it, I found that I could not democratize something in which just a small group was active. I think that politics is a way all of us can fulfill ourselves as individuals, no matter what our economic level in society. Politics means active involvement in decision-making. My fondest wish as a member of the party is to see activists and leaders play an active role in deciding a matter thoroughly. I began to discover that politics was not as dirty and ugly as I had heard initially, that there was a chance for all of us to participate and that we could become involved in society through politics." These are the words of Alberto Kitazono Rocca, a 32-year old engineer and Aprista leader. He was 15 when he began to take an interest in national politics, finding that APRA [American Popular Revolutionary Alliance] fulfilled his aspirations. Since then, as a party activist, he has held several posts of major responsibility and, as a result of his hard work and dedication, currently serves as the national organization secretary of the PAP [Aprista Party of Peru].

As part of its reorganization, the Aprista Party has made a series of substantive changes with an eye towards scoring further successes and establishing closer ties with the administration of Dr Alan Garcia Perez. We therefore interviewed Alberto Kitazono, the party's national organization secretary, who, besides addressing other current issues, gave us a succinct analysis of the situation inside the PAP.

## Party Demands

[Question] You were elected national organization secretary at an Aprista Party congress. What mandate did the congress give you for the post that you now hold?

[Answer] The congress felt that the party should find avenues for cooperation now that it was in power, not just in the opposition.

[Question] What steps have you taken to organize your party after the congress?

[Answer] We have engaged in all sorts of activities in all areas. We have taken part as a group in all of the programs that we could, without prompting controversy over bringing the machinery of government under party control. We have tried to organize the slums and the mothers clubs so that they expand with the support of the municipality and the government. Moreover, the administrative area must be looked into urgently. We have kept up publicity efforts and tried to modernize the party in these regards. Unfortunately, the price is very high. We have also had problems with job posts.

[Question] In what sense?

[Answer] We found that a great many Aprista activists who had been fired under previous administrations thought that they unquestionably had a chance to find jobs again, which has been one of the party's primary concerns. We are selecting and training them and trying to make them see the party not as a source of jobs but as an ideological body. People unquestionably fail to grasp this and demand more from the party than it can give.

[Question] What can you tell us about nationwide organization?

[Answer] We have experimented with departmental plenums, with meetings between party and administration, between officials and activists, to see how the party is doing in these departments. We have already done this in Lima and all over the country. An official directive should be going out in the next few days, making it obligatory for departmental committees and Aprista activists in public office to take part in these monthly assemblies.

[Question] In your opinion, what traits should a party that has come to power have?

[Answer] It should spell out a government program that is consistent with its ideology. Ideology provides a theory for interpreting a country, a nation's realities.

#### Support for the Administration

[Question] There has been much talk about the reorganization of the Aprista Party. How is this reorganization being conducted, and to what extent are you involved in reactivating the party?

[Answer] There is undoubtedly an endemic disease all over the country: the habituation of the ruling party. The approach is to change or to confirm our finest leaders, and as national organization secretary, I am in complete agreement. As national secretary, I am trying establish the party's overall position on the aspects of joint work with the political rank and file, the

unions vis-a-vis the workers, young people and other necessary fronts. CORREO APRISTA is an effective vehicle through which we can communicate with the entire party apparatus. Party members were calling for an auditor's office so that we could deal appropriately with the reports of fraud or swindling by public officials. Also, the secretariats that lost their dynamism because of leadership problems must be reactivated.

[Question] The internal workings of the Aprista Party were reportedly abandoned when Armando Villanueva was secretary general, perhaps because of his many jobs. Now, however, under Luis Negreiros, the party is said to have new life...

[Answer] The first claim is not all that true. The fundamental issue for a party is deciding where it wants to go, and the CEN [National Executive Committee] does that through its spokesman, the secretary general. Under Armando Villanueva, our party combined its search for moralization with a search for active involvement in the government at the time. We tried to take part in all government activities, lending it the support we have from the masses. Secretary General Negreiros is focusing more on internal party activity than on outside involvement.

[Question] What has happened with the disciplinary action taken against Aprista activists who have committed irregularities?

[Answer] The Secretariat General of Discipline follows administrative procedures and orders sanctions under our regulations and bylaws, and it has certain arguments, of course. Then, the party has clearly legal and technical standards for setting up the auditing commission, which consists of distinguished colleagues who are going to try and complement the secretariat's work and further streamline the watchdog and moralization efforts.

#### Bureaucratization and Violence

[Question] The Aprista Party is being accused of monopolizing government jobs and filling all the vacancies in the PAIT. Is this true?

[Answer] As organization secretary I can tell you that it is not true, because the rank and file of the party has major concerns that we cannot share, even if we wanted to. The government is not just the Aprista Party; it belongs to all Peruvians, and we show our understanding of this when we reward the best qualified people.

[Question] What has to be done to prevent the party from becoming bureaucratized?

[Answer] That is the problem. An analysis of bureaucratization must be in depth and broad. It is not enough to say that the party is bureaucratic or is becoming bureaucratized. We are getting back to and streamlining our rotation mechanism, which we have to spur so that it provides for more transfers. If we simply stick with a system of rotation in the party, we will become bureaucratized. But if we keep on promoting transfers, the party will become

increasingly revolutionary from the rank and file on up in carrying out its programs and ideology.

[Question] What steps is the party going to take to counter the recent wave of subversive violence that has battered the country and that has been aimed mainly at Aprista activists?

[Answer] The terrorists have a fundamentally ideological approach. They follow the ideology of Pol Pot and Mao, and we feel that we must not act emotionally. Wars against subversion are based on an ideological commitment, on a defense of democracy and on a nationalistic approach of seeking social justice. It is the task of a political party to teach its members and, by extension, the people around them, that national unity is necessary to battle subversion.

[Question] Is a proper policy being pursued against subversion?

[Answer] We have seen in some cases that we have not made as much headway as we would have liked. For example, the reorganization of the police has had its shortcomings. I cannot claim that we are perfect, but some good steps have been taken. Political forces are already talking about unified action against subversion, and this means a lot. The problem of subversion is not a problem to be resolved in months. It took years to develop. I am not saying that the answer will take years, but the quicker we act, the sooner calm will return to the citizenry.

#### National Work Stoppage

[Question] What is your evaluation of the administration's economic policy in its 22 months in office?

[Answer] I can't evaluate it. The people have to. Overall, I think that the people are better off than in previous years, when they lived amid uncertainty. I think that in one way or another all strata of society realize that the members and nonmembers of our party who are in the administration are very motivated and are trying their best to reactivate the economy and boost the real income of the people...

[Question] But...a general work stoppage has been announced nonetheless. What is your assessment of this?

[Answer] It is not a general work stoppage. It is a political move. The country's economic situation has improved. So the opposition has to react politically. The arguments behind their list of demands are tacitly political. They are calling for a lifting of the curfew and talking about some prisoners who have not been sentenced, etc. So we have to ask who is behind this strike, what are their motivations. I am sure that the people are going to consider these points in deciding whether to take part in this general work stoppage.

[Question] To change the subject, you and other Apristas like Luis Alva, Luis Negreiros, Leon Alegria and Ilda Urizar, are regarded as the new generation or



the people called on to take over from Armando Villanueva, Ramiro Priale and Luis Alberto Sanchez. What do you think about this?

[Answer] I don't think that we're taking over from anyone. It is a generation's motivation that offers new alternatives. The experience of all our leaders should be preserved and imparted to us all. We would not be here as leaders if APRA did not have all of these longstanding, born leaders who are still around. We are here temporarily to lend our energies, to help govern and to be active in the party.

[Question] Dr Alan Garcia is the standout in this new generation. What differences could you cite between him and Haya de la Torre?

[Answer] I would not differentiate them. They both espouse the same ideology and social goals. The party belongs to this broad trunk, and we all are part of the great tree called APRA. In this sense, we share the same ideology. There may be minor differences in style or image, but underlying everything is APRA and its ideology and principles.

[Question] Is Alan Garcia Haya de la Torre's successor?

[Answer] He is at least APRA's most visible representative at home and abroad.

#### Townsend's Return

[Question] What do you think of Andres Townsend's return to the Aprista Party?

[Answer] It is very hard for a national leader to voice an opinion about this, especially in the situation in which I find myself. A great deal of controversy has arisen about the return of Andres Townsend. I personally try to be as calm and serious as I can in drawing conclusions, inasmuch as my closeness to the rank and file could prompt an improper reaction. Two weeks ago I asked the rank and file to consult among themselves on the issue, and on Sunday the 10th at the metropolitan assembly we will see what they have decided. I think that that is my function. I cannot and should not give advice on issues on which the rank and file is the best judge.

[Question] In conclusion, what do you think of a fellow like "Buffalo" Pacheco bullying his way into the "Nueva Caja de Agua" settlement and brutally beating the residents there?

[Answer] We all know "Buffalo" Pacheco, and I would rather not comment. Social institutions, society itself imposes sanctions. The raid on this settlement was unquestionably regrettable. I think that there were legal grounds for it with police support and that it makes us all think to what extent certain legal arguments are well considered. It is a mistake, I think, to let a settlement grow and another mistake to get rid of it without looking for a rational way to move the residents elsewhere. In such cases I think that the government and the city have to make a decision and convince people that it's the right one.

[Question] Many people identify "Buffalo" Pacheco with the Aprista Party. What is being done to put an end to the abuses of this individual?

[Answer] We all know that "Buffalo" Pacheco was expelled from APRA. He has no ties whatsoever with the party, even though his nickname links him to what was once a source of pride to party members. Because of his nickname people often mistakenly associate him with APRA, and at times interested individuals or institutions try to use this to their advantage. Normally "Buffalo" Pacheco has no ties to APRA; therefore, he is not at all close to the party. So it is not up to us as a party to say something against him or not.

8743

CS0: 3348/332

## ECONOMIST OPTIMISTIC ABOUT PROGRAM, PROSPECTS

Lima OIGA in Spanish 11 May 87 pp 26-31

[Interview with Daniel Schydrowsky by Uri Ben Schmuël]

[Text] In the first interview he has granted in a long time, economist Daniel Schydrowsky (who, though he may not look like it, is as natural to Lima as mazamorra is) speaks with candor and optimism about the economic program and the promises it holds.

Schydrowsky, who has received degrees in law and economics from San Marcos and a PhD from Harvard, and has been a professor at Boston University as well as a government adviser, expresses here his opinions on the coordination, the 12 apostles, the economic team, the foreign debt, the prospects for growth, and the risks that lie ahead. Here are the highlights of our conversation:

[Question] After a year of industrial and GDP growth, with figures not seen in a long time, doubts are beginning to arise with respect to the viability of the government's economic program. Do you share those doubts?

[Answer] There were also doubts a year and a half ago. Most economic agents did not believe that the program would work as well as it did between August 1985 and December of last year. "We will not make it," they said, "something will happen." But we did make it and nothing happened, except for a growth rate of over 9 percent of the GDP. Now they are saying the same thing; there are some doubts. . . .

[Question] Why the skepticism, in your view?

[Answer] There is still not a full understanding of the logic and the dynamics of the program. The basic objective, obviously, is still to strengthen and revive the productive apparatus. Some still find it difficult to believe that an unorthodox path has been chosen; they are waiting for some unpleasant surprise around the corner. If we look back, we see that things did not go badly for us: There was a resurgence of demand, an increase in real wages, promotional credits, industrial growth utilizing idle capacity, and so on. Of course what we had last year was the initial boost; not every year will we be able to have 9 percent growth, but the government's goal of steady growth at 6 percent seems realistic and possible to me.

[Question] But what about the inflation that threatens to explode? What about the reserves?

[Answer] Those are understandable concerns. Look, we can compare the national economy to an automobile that started out with a full tank (foreign reserves were used for reactivation, not to pay off the debt; installed capacity was utilized, etc.), and it has covered a good distance over a period of nearly 2 years. The question we must ask ourselves is whether the vehicle will have enough gasoline to get to the next gas station. And my answer to that question is yes. I think we will indeed grow, that we will have more foreign exchange, because nontraditional exports are on the rise and the negative trend in traditional exports has begun to turn around. This is the hour of exports, and the recent statements by (presidential economic adviser) Daniel Carbonetto on measures to stimulate this sector indicate that the government is aware of that.

[Question] To continue with your mechanical analogy, it could be said that the station where the Peruvian automobile can obtain gasoline from exports is still far away, because growth based on increasing exports is a slow process; it does not happen overnight. And gasoline is already in short supply. And in the meantime? The pump representing loans has already been shut off, because the Peruvian driver has a bad reputation; he filled his tank and paid only 10 percent . . .

[Answer] Exports are our own income, unlike loans, which must be returned. To be sure, the doors of international credit, if you will, are not exactly wide open to Peru. But on the other hand, it has saved significant quantities of foreign exchange by not paying its obligations as initially scheduled. And I would say that the banks have been admirably understanding of Peru's position. Sure, they would like to be paid, but they have opted to wait until Peru gets its house in order before collecting. Proof of this is that they are not selling Peru's debt. Some small bank creditors did decide to sell their debt, but the big ones have not, and that is very significant to me. It is obvious that they cannot say so in public, as they must maintain a certain image, but in fact there have been no reprisals. There has been nothing comparable to what happened to Tanzania or Zaire when they stopped paying the World Bank. Peru's position is very clearly understood abroad. Surprisingly, people outside see more positive aspects in the economic program than Peruvians are willing to acknowledge.

[Question] Some people--and we could mention Popular Action (AP) Senator Javier Diaz Orihuela, for example, who referred to the matter in OIGA--have expressed the opinion that last year's growth was artificial, without firm roots. Diaz Orihuela compared it to a building sold for a billion after an investment of twice that amount. In other words, we got 9 percent growth (about \$1.3 billion) by spending more than \$2 billion. . . .

[Answer] I don't know in detail the figures and arguments mentioned by the senator. But I can tell you, referring to the sense of your question, that the growth has not been artificial. We started out with an idle installed capacity, and we put unemployed people and idle machinery to work, which is

always healthy. No nonrenewable resource was spent, the engine was put in gear to get to the next gas station, and at the same time, we took care to ensure that the gas station is being built. So the model is put together well. . . .

[Question] Isn't it a bit precarious?

[Answer] Yes, it is. Because if the day after tomorrow the prices of all minerals fall, things will be much more serious. But nothing is certain in life; tomorrow I may cross the street, get run over, and be taken to the hospital. The economic policy has had its risks, but I believe those risks were carefully calculated by the ones who designed the model. So far, it has borne fruit. And there is no reason to be pessimistic and think that it will not continue to do so.

[Question] Returning to the matter of the foreign debt, do you think the government's treatment of the issue is adequate?

[Answer] We must look at it in the context of how the situation has evolved. All the countries that were unable to pay initially had promised to pay. The countries received loans and committed themselves to implementing agreements with the IMF, but that system did not work. Thus, we reached a point at which every 6 months we had to renegotiate and promise that eventually we would pay. Little by little, the IMF, the banks, and the whole world realized that these promises were not worth much. As the terms were extended, the countries stopped promising anything. Peru was the first to be frank in saying that it would not remain on this merry-go-round, that the problem would take years to be solved. This has had a political cost, but at the same time, many bankers have said that President Garcia is a frank and honest man, that he is not saying he doesn't want to pay, simply that he can't. That is better than committing yourself to something you know in advance you will not be able to fulfill.

[Question] But the honest ones get praise from the bankers, while the hypocrites get loans. Some think that being a trailblazer is not helping the country at all. . . .

[Answer] That is relative; they are no better off than we are. Look at Brazil and the famous Cruzado Plan. Argentina is out there a little worse off than we are. Mexico had a long way to fall before reaching the bottom, because it was coming out of an oil boom. We must not forget that we, on the other hand, marked the 10th year of our economic crisis in 1985. We are not bad off now, and Mexico is, IMF and all.

[Question] To put your shoulder to the wheel, you need confidence. Various opinion polls conducted in the business and industrial sectors, and communiques such as that issued by the National Confederation of Private Business Institutions (CONFIEP) on Wednesday indicate that confidence is not as strong as it should be for the success of the economic program, because of the instability of the rules of play. In public and in private, businessmen complain as well about the "after-the-fact coordination." They are supported by analysts such as Ramon Remolina, who have considered measures such as price

controls and the Bonds and have said that the government's economic policy has a clear statist and controlist bias. . . .

[Answer] We must clarify a couple of things here. First of all, in 1986 things went very well for business. Secondly, this government is more willing than any other to talk with businessmen and to compromise with them. It is the most willing of any government. Appearances are deceiving sometimes. It was said that the Belaunde government and the Ulloa cabinet were pro-business, and we already know the results. It was said that the American Popular Revolutionary Alliance (APRA) was center-left and that it was against business. As it turns out, it is pursuing a reactivating policy, and it is talking with the productive sectors. Of course, mistakes are made, but there are errors on both sides. The businessman, for example, is not used to thinking in macroeconomic terms, just in terms of his own business. And the present circumstances are forcing him to make a conceptual leap for which he was not prepared. The same problems existed in South Korea and Japan 20 or 25 years ago. Errors were made along the way; that is part of the learning process. The fact that a given measure has not been discussed ahead of time, or that the government makes some mistake, does not detract from the basic intent, and that is what matters. A tree here and there should not prevent us from seeing the forest. The rules of the game are basically stable, within the changing process that we must necessarily undergo, and they have orderly mechanisms for correction. Moreover, they are implemented by people who are willing to listen to others and to correct errors. We must set aside that Iberian tendency to try to pass immutable laws for all eternity, and learn from the Anglo Saxons. They always prefer basic laws that evolve along with needs.

[Question] But here the problem is not immobility; quite the contrary. Every day a new surprise emerges. The president makes a speech promising not to create new taxes. March ends, the businessmen pay their tax obligations, and then the Public Treasury Investment Bonds appear on the scene, regarded by some as covert taxes. . . .

[Answer] It is not a tax, but part of a system of incentives that includes the Investment and Employment Fund. It can have tremendous benefits for business. My opinion is that in this kind of process, it is always necessary to make changes, and some of those changes do not please everyone; that is inevitable. But we must ask ourselves, beyond this or that detail, what the net outcome is. And no one can deny that the production sectors and the workers alike are much more satisfied now than they were 2 years ago.

[Question] A few weeks ago, the author of the United Left (IU) platform stated at a forum for businessmen and government officials that if industry does not reinvest enough on its own, the government should issue directives forcing it to do so. At a recent meeting at the Palace with shoe industry officials, the president of the republic stated the same thing in more diplomatic terms. In your opinion, does the country have the proper subjective and objective climate to invest and reinvest enough for sustained growth? If not, do you think the government could adopt any other type of measure?

[Answer] I understand that the government has been very clear in asserting that it wants a mixed economy, that it seeks a partnership between the public sector and private enterprise through the coordination program, and that it has no intention of confiscating anything from anyone. At least that is the way I see it. As to whether investment is attractive, the package of incentives (the Investment and Employment Fund, the stimuli for business decentralization, and others) is the most attractive one offered in many years, not only in Peru but anywhere. There is a direct investment subsidy of 33 percent, and if losses are sustained, part of them will be shared by the state. For those who remain in Lima, there is the stimulus of the growing market. To continue answering your question, the statistics demonstrate that investment is taking place. Capital goods imports are on the rise, and growth is substantial if we compare the figures for the first quarter of this year with those corresponding to the same period last year. And it is obvious that people are buying machinery to produce, not to put it in a museum. Furthermore, investment is widespread; it goes much farther than the "12 apostles." In addition, there is still a lot of room for growth with the utilization of idle capacity and the expansion of shifts and weekend work. Textiles, iron and steel, and plastics, for example, are working at peak capacity, but there is a great debate among specialists at this time regarding the degree of underutilized capacity in several other production sectors. In general, capacity ceilings are measured against the usual level of production. In Peru, this means one shift for 60 percent of all businesses; for 12 percent, it means three shifts, and for the remainder, two. As we can see, the norm for utilization is not three shifts. If we consider that production can take place in additional shifts, available capacity multiplies quickly. Peru should grow significantly even with little investment. The risk that the economic program will not work out of fear of investment is small, precisely because of that cushion of underutilized capacity.

[Question] Some economists believe that even if the "12 apostles" reinvest as much as they can this year, and even if the underutilized capacity is put to work entirely, the percentage of growth will not hit the target. They say that we can only grow at the desired rate if we convince small and medium businessmen of the need to invest--those who are not invited to the Palace and who are still vacillating between Lima and Miami. What do you have to say about that?

[Answer] There is no doubt that the country cannot grow on the basis of the efforts of 12 people. But for this very reason, a well-designed economic policy is not based on talking with a dozen businessmen; that helps, it accelerates the process, but it is not everything. Moreover, the government is not talking only with those 12, but with hundreds, and not only in the Palace, but in many forums. We must not forget that there are ways and there are ways of talking and encouraging. The Investment and Employment Fund is open to all, and its procedures are not complicated at all. This is perhaps a more effective stimulus than a meeting with small and medium businessmen. The sum of all the market mechanisms and general incentives, added to the coordination and direct dealings, are very potent. This was how the Japanese model began.

[Question] Some say there are as many as three economic teams: at the Palace; the Ministry of Economy, Finance, and Trade (MEFC); and the Central Reserve Bank (BCR). Is this a correct impression, or is it distorted?

[Answer] People like to look for fissures in a team, whether it's an economic or a soccer team. Of course there are differences of opinion in the economic team, as in any other. The important thing is that the final product be harmonious and coordinated. And we are seeing that; we have the most cohesive economic program in Peruvian history.

[Question] In conclusion, I would like you to comment on the public enterprises and the almost insolvable problem they pose. . .

[Answer] Public enterprises, especially the big ones, are both an asset and a liability for every country in the world. That is a widespread phenomenon that exists in governments of the right, the center, and the left. In the last year and a half, a tremendous effort has been made in Peru to restructure the process of incentives and evaluation systems to improve the quality of management, to boost yields, and to cut costs. This does not mean there is no deficit; the fact is, public enterprises are used, among other things, for economic policy purposes that may not be the same as the company's own purposes. Changing the price of petroleum affects inflation, raising electricity rates affects industry, and so on. It is a very complex problem that will take a long time to solve. It is not easy to sell a public enterprise. To privatize it, first it has to be working well. And if it works well and is not in the red, why sell it? That is what is going on in Italy. Some progress has been made, but in this matter, as in all matters related to the economy, there is a long way to go. I am an optimist; I have the feeling this will come out all right. But for that to happen, we must all put our shoulders to the wheel.

8926

CSO: 3348/338



# VIGILANCE CORPS TO REPLACE MUNICIPAL POLICE

Lima EL COMERCIO in Spanish 16 Apr 87 p A-4

[Text] The creation of a new Municipal Vigilance Corps to replace the current Municipal Police was announced yesterday at a press conference by Councilman Juan Jose Vizcarra (PAP), chairman of the Citizen Safety Commission of the Provincial Council of Lima. The main function of the new body will be to control speculation, hoarding, and similar activities.

"The only thing left to do is approve the municipal budget so that the reorganization of the municipal police can begin. Under this reorganization plan, the police will become not a showcase organization, but an operational entity that has authority," stated the Lima councilman.

With regard to the future headquarters or center of instruction where the new city police force will be trained, he stated that the place has not been determined yet, but he revealed that several proposals are under study.

He explained that the new Municipal Vigilance Corps will not result in a municipal budget deficit.

Vizcarra stated that to exert authority among the citizenry, the appropriate personnel must be hired. In the beginning, an academy will be established for that purpose. Approximately 894 new vigilance officers, disciplined and honorable, will graduate from that academy.

"At present," he added, "153 active police officers and 140 auxiliary municipal policemen are in training."

Vizcarra reported that when he began working on the Lima City Council late last January, he found an irregular situation in the operations of the municipal police. For this reason, he added, he immediately held a total of 63 meetings with officials, associations, and groups of wholesale and retail businessmen. He informed their representatives that he was ready to enforce current regulations, and that "there will be no string of cards marching before me."

With documents in hand, the city official showed that in the previous municipal government tickets and fines totaling more than 34 million intis had been issued, and only 90,000 intis was paid on them.

ID FORGERY RING DETECTED

Prisoners Alter Identities

Lima EL COMERCIO in Spanish 5 Apr 87 p A-14

[Text] Several prison inmates who fled the El Sepa island prison years ago and were listed as missing or dead are among the 200 habitual criminals discovered at the Lima Judicial Jail using altered names and fake documents to pass themselves off as first-time offenders.

These hardened criminals had false electoral booklets (I.D. cards), and some of them had even undergone plastic surgery or manual modifications of their hair or faces to avoid being detected and to pretend to be other people.

The staff at the Central Identification Office of the Lima Judicial Jail, however, discovered who they really were by examining their fingerprints.

One of the most significant cases was discovered last 16 March, when Felix Arturo Cuya Tello entered the jail on charges of patrimony [as published], apparently his first offense.

Identification

The identification staff, however, had a hunch the documents were fake and took his fingerprints. After comparing them manually with the thousands they had on file, they discovered that he was actually Carlos Ruben Bernaola Barrantes, a dangerous criminal who had escaped from El Sepa in 1985. After a search that lasted months, he had been declared dead.

He was completely changed, with a permanent and plastic surgery. His record showed that he had been sentenced to prison eight times before.

A similar case was that of Ricardo Luis Nicho Cueva, or Abel Antonio Solano Sotelo, who had escaped from El Sepa in May 1985. He showed forged documents identifying him as Mario Beverly Sanchez Suloaga.

In addition, Ricardo Augusto Tiza Bernardo was sent to prison last July. He had no criminal record under that name, but a fingerprint comparison revealed

that he was actually Jorge Luis Oliva Yupanqui, who had fled El Sepa in October 1984.

Adrian Alejandro Inga Grados, another habitual criminal who had escaped from the same island prison in February 1985, was also discovered.

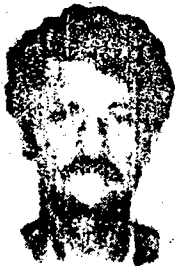
#### Many Repeat Offenders Changed Names

Spokesmen for the National Penitentiary Institute (INPE) commented that there are countless cases of dangerous criminals who, when they fall into police hands again, appear to have other names for which there is no criminal record.

Their intention is to thwart the administration of justice and to take advantage of prison benefits that are reserved exclusively for first-time offenders.

In the last 2 years, it was reported yesterday, approximately 200 such cases have been discovered.

On the other hand, the sources appealed to police not to limit themselves to capturing criminals, but also to go further in their investigations so that they can discover the members of the organization that is providing forged documents to the underworld.



## MINISTERIO DE JUSTICIA

Instituto Nacional Penitenciario  
Gabinete Central de Identificación

### FICHA FOTOGRAFICA

APELLIDOS

TELLO O BERNARDO

TELLO O BERNARDES

NOMBRES

FELIX O CARLOS

ARTURO O RUBEN

This criminal, Carlos Ruben Bernaola Barrantes, escaped from El Sepa in 1985. He had been given up for dead, but incredibly, 2 years later he "came back to life" but with another name: Felix Arturo Cueva Tello.

### Organization Identified

Lima EL COMERCIO in Spanish 10 Apr 87 p A-14

[Text] Police have found some leads to the mysterious organization that provides fake electoral booklets and other forged documents to the thousands of criminals in the country. Some arrests have been made, it was learned.

The existence of this organization was discovered by the staff of the Central Penal Identification Office at the Lima Judicial Jail, where in the last 2 years more than 200 inmates have been found to be using false names.

All of them had their own electoral booklets, many of them even originals.

Some of these documents had been adulterated or stolen, but it was discovered that the majority of them were authentic, and they had even come from some offices of the Electoral Registry.

Peruvian Investigative Police (PIP) officers have followed every possible lead, and have arrested several individuals. They revealed that those arrested are go-betweens; those who actually provide the documents have not yet been arrested, although they have already been identified.

It is for this reason that they did not want to reveal any more details on the organization. "It is just a matter of days, and all of the members will be arrested," added the spokesman.

In the last few years, there has been a proliferation of false electoral booklets, especially among native criminals and also terrorist elements.

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CSO: 3348/339

## REASONS FOR INCREASED 1986 SUICIDE RATE ANALYZED

Lima CARETAS in Spanish 20 Apr 87 pp 40-43

[Article by Kela Leon de Vega]

[Text] Whereas 50 people took their own lives in Peru in 1986, in just the first 3 months of this year, there have already been more than 80 suicides. Not a day goes by that the headlines do not announce a new case. What is going on in this country, where such a short time ago the indices were the lowest in the Americas? Why do people decide to take their own lives? CARETAS has searched for the answer to this difficult question by consulting by specialists in human behavior. Here is the result.

"I had decided the day before that I would take my life. There was no sense in living; I could no longer control my obsessive mind, which repeated like a broken record any experience I had had during the day. My problem began when a girlfriend left me after I had become seriously involved with her. I went into a severe depression. I felt despair because I was no good for anything, so I decided to commit suicide with whatever I had on hand: a rope and the balcony. I was not afraid; I was convinced that killing myself was what I had to do. But today I feel like I'm back on my feet. I want to get married and go back to school. What happened to me was the product of a moment of despair."

PR, a 29-year-old civil engineer, is one of the many cases of attempted suicides that occur nearly every day in this country. A worse fate has befallen the approximately 80 people (59 men and 21 women) who have carried out their destructive impulses since the beginning of the year, bringing the suicide rate to one of the highest levels for such a short period in the last few years.

In fact, according to unofficial sources (the Department of Crimes Against Life jealously guards its statistics on suicide), last year around 50 people killed themselves. Just between January and March of this year, 70 people did the same. Although this is not an epidemic, generally one suicide tends to trigger a rash of others. "In December and in the early fall and spring, we always see a larger number of suicides," stated a medical source.

"Suicide has undoubtedly become a problem in our environment," said Dr Javier Mariategui, director of the Delgado-Nogushi Mental Health Institute. "A significant percentage can be attributed to mesiological factors such as the crisis, the migratory phenomenon, the disorganization of the cities, and cultural uprootedness."

It should be noted that until the end of the 1970s, Peru, along with Paraguay, had one of the lowest suicide rates in Latin America. And although the problem has not acquired the magnitude seen in Brazil or Argentina, where the suicide rate among young people is even higher than in the Nordic countries, it is obvious that the problem is growing worse.

"Suicide is an act of protest," said Dr Mariategui, "but one must be on guard to pick up the signals and prevent it. According to studies, about 70 percent of suicide victims communicated their intentions in one way or another."

In addition, 41 percent openly declared their intentions; the rest spoke of death, mentioned methods of suicide, or let slip comments such as "I would be better off dead" in front of their families, friends, coworkers, or doctors.

"The principal cause (of suicide) is depression--which is often the result of a failure in a personal relationship--although we also find suicides among persecuted paranoids," said Dr Mariano Querol. There are also chronic suicidals who consciously harm their own health, such as alcoholics and drug addicts. The number of people who attempt suicide, however, is eight times greater than the number who succeed.

In addition, there are those like writers Jose Maria Arguedas and Ernest Hemingway who make the fateful decision in the face of an incurable disease, or physical decline.

The altruistic suicide is the person who immolates himself out of dedication to a cause that is worthy of human sacrifice. Among the most salient cases of suicide over the years were the 20,000 Russian Orthodox peasants who in the 17th century set fire to themselves to protest liturgical changes, and the Japanese kamikazes of World War II. Then there was the sadly famous mass suicide ordered by the Reverend Jim Jones among the 900 members of his religious sect in Guayana, in 1978.

But although the decision to commit suicide is a purely mental question, there are those who think that the tendency to kill oneself is developed early in life, specifically as a result of the mother-child relationship. "The hatred a suicidal person feels stems from his inability to love and to allow himself to be loved in infancy," said Dr Gustavo Delgado Aparicio, author of "The Labyrinths of Insanity." "The trauma and the inability to have intimate emotional relationships, having been unable to quench the thirst for mother's love and feeling unappreciated, causes the individual to adopt a front that leads him to renounce reality. He lives his life through others, remaining a prisoner in other people's lives. His insanity consists of living in a labyrinth of passions that mix together with reality to annihilate him. On the other hand, the child who is given excessive material attention has his

reality distorted as he is deified. When his internal reality fails in the face of the external reality, he is overtaken by a desire for annihilation."

Someone who fails in a suicide attempt will likely try again. The majority of second attempts come even after the person has emerged from the crisis and left the hospital, and appears to be on the mend. Our conversations with people who have attempted suicide reveal that once an attempt has been made, it is easier to try another time. "Often the only solution to the problems in life is death," said Zoila, referring to her attitude.

But the victim is not the only one who suffers; family members also suffer as a result of the tragedy of suicide, and often the fact is concealed, with the complicity of the family doctor. "Not only did we have to bear a certain amount of guilt for having allowed this to happen in our family, but we also had to contend with people's sometimes morbid curiosity," said the mother of a suicide victim. "All the members of the family ended up going to the psychiatrist to help us overcome all of these conflicting feelings."

And although in Oriental cultures someone who commits suicide is often regarded as a hero, in the West the suicide is sometimes considered a coward who was unable to face up to life and its problems. And as if that were not enough, for centuries, until the 1970s, a Christian burial was denied anyone who killed himself.

But even though many are wondering whether suicide is the rational solution to a problem or an escape from insanity, neither sociologists (who began studying the phenomenon before psychiatrists) nor psychoanalysts and the specialists now known as suicidologists can explain why Peruvians prefer to kill themselves by taking muriatic acid, insecticides, or rat poison instead of the traditional method of hanging oneself from a tree, or the very Nordic gunshot to the temple.

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CSO: 3348/339

## DETAILS ON CARHUAQUERO HYDROELECTRIC PLANT

Lima EL COMERCIO in Spanish 18 Apr 87 p A- 15

[Text] Chiclayo, 17 April--At the halting rate at which work is proceeding on the Carhuaquero hydroelectric project, it is estimated that the plant will come on line by next December. It will have a generating capacity of 75 megawatts, enough to assure the supply of electric current to a broad area between Chiclayo and Piura.

At present, the civil construction portion of the project is being completed. The project is located 80 kilometers east of Chiclayo, in the province of Santa Cruz, department of Cajamarca.

Work was halted for 3 years due to financial troubles. These problems have now been overcome thanks to the support of Swedish banks, through the IDB.

It was announced that the \$64 million loan will come through next June.

President Alan Garcia recently witnessed the completion of the excavation of the 13-kilometer adduction tunnel which will transport the waters of the Chancay River from the Cirato sector to the Papayo sector, where the plant's machinery house is being built.

While waiting for funds to be sent from the IDB, work is being done with Electro-Peru's own resources. As a result, the date of completion can be moved up from 5 to 6 months, having originally been planned for 20 months.

## Intensive Movement

Activities at Carhuaquero are characterized by the constant movement of machinery and personnel all over the site. It can be observed near the dam, where part of the concrete pouring program has just been completed, and in the valve chamber, where the widening of the cavern has been finished and the entrance to the shaft is being excavated.

In general, civil construction is 80 percent completed, while nearly all the electromechanical equipment has been assembled in part and deposited in the large warehouses at the site.



The Carhuaquero plant is an extremely important project for the northern part of the country, especially the departments of Piura and Lambayeque, where there is great potential for development.

The Electro-Peru project calls for stringing a transmission line that will begin at the Chiclayo substation.

#### Loan Awaited

Prime Minister Luis Alva Castro will sign the IDB loan papers for Carhuaquero in Washington. In this way, one of the most cherished dreams of thousands of northern Peruvians will begin to be realized. For several decades these residents have had to put up with not only restrictions on electricity, but also the adverse effects of that limitation, given that development plans cannot proceed if there is not enough current for projects.

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PERU

## FISHMEAL, FLOUR EXPORTS FOR MARCH, APRIL

Lima EL COMERCIO in Spanish 19 Apr 87 p A-16

[Text] Pisco, 18 April--In March and so far in April, activity in the fishing industry has stepped up its pace in this port. This increased activity is reflected in the volume of exports from the port of San Martin.

### Many Fishmeal Shipments

In the week that just finished, the Chinese ship "An Hi Jai" set out for Peking with 3,800 tons of fishmeal, priced at \$300 a ton; and 2,500 tons of defatted fishmeal, priced at \$400 a ton because of its high protein content, headed for South Korea on board the "Bojordima."

This week, an Italian ship is expected to come to this port to pick up 2,500 tons intended for Genoa; a German ship will receive 10,500 tons of fishmeal for Hamburg; and the Chinese vessel "Kontor" is scheduled to take on 4,000 tons of fishmeal for Peking.

### Cypriot Ship to Take Fishmeal

In addition to the fishmeal shipments recorded for the port of Huacho last month, which amounted to 30,000 tons, there is the 10,500 tons of fishmeal being shipped on board the Cypriot vessel "Prodromos," headed for Iran.

The shipments made out of Huacho are part of total exports of 200,000 tons during this fishing season for the central coast. The fishmeal is processed in the Carquin bay, it was reported.

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## BRIEFS

'SMUGGLING KING' CAPTURED--A well-known smuggler who used to send shipments of home appliances worth millions of intis to the capital from Bolivia, after bringing them in through Puno disguised as fertilizer for farming areas, was arrested by the Peruvian Investigative Police (PIP) of Arequipa. PIP officers are still searching for the accomplices of the "Smuggling King," Rodolfo Horacio Anuro Quispe (54). Anuro Quispe had been the subject of an intensive search by police throughout the country, because he had been wanted by the Provincial District Attorney's Office of Puno since 1981 on various charges. This clever smuggler, who amassed a fortune by sending fabulous quantities of contraband to Lima, worked with his siblings, Edgard, Rodolfo and Nancy. They managed to slip out of the grasp of the police as the latter moved in on the smuggler, also known as "The Ghost." The arrest of Anuro Quispe is one of a series of actions the PIP have been carrying out for the purpose of curbing smuggling across the borders with both Bolivia and Chile, which is detrimental to the country's interests. [Text] [Lima EL NACIONAL in Spanish 8 Apr 87 p 6] 8926

SHORTAGE OF JUDGES--It is possible that an intensive publicity campaign will be launched soon to attract candidates for some positions in the judiciary and in the Public Ministry. In many provinces there are no trial judges or district attorneys. Terrorists and drug traffickers, on the one hand, and the low pay, on the other hand, have discouraged lawyers from trying for these positions. With the consent of the Chamber of Deputies, the chief justice of the Supreme Court of Justice has been instructed to report to the Chamber of Deputies on the measures that have been adopted to provide trial courts for the provinces of Maranon, Puerto Inca, and Huanca y bamba, located in the department of Huanuco. For the same purpose, the Chamber of Deputies has instructed the national attorney general to report on the actions he has taken to establish provincial district attorney's offices in the same areas. And finally, the chairman of the National Magistracy Council has been requested to report on the reasons for the failure to fill the opening on the bench in the province of Maranon, even though the position was created in 1912 under Article 7 of Law 1595. [Text] [Lima EL COMERCIO in Spanish 18 Apr 87 p A-4] 8926

NEW TOURIST GUIDEBOOK--The "Great Tour Guide to Peru," written by Carlos Hernando Caceda and the late Victor Orzero, both journalists, is the first edition of its kind to fill the technical-pedagogical needs of a specialized

publication of this nature in an efficient manner. The book contains detailed information on each and every tourist spot of any importance in the country. Lima, Arequipa, Cusco, Ica, La Libertad, Puno, Ancash, Cajamarca, and others are described in the book, which covers archeological, artistic, cultural, historical, and geological aspects. In addition, maps of the capital cities are included, with beautiful, full-color photographs of the most important areas. The book's 384 pages also contain lists of banks, transportation stations, hotels, restaurants, airports, museums, and art galleries. The text also represents an invitation to tour the countries of the Andean Group, serving as an effective element in the integration of this part of South America. [Text] [Lima EL NACIONAL in Spanish 7 Apr 87 p 23] 8926

RICE IMPORTS FROM CHINA--The Rice Marketing Enterprise, Inc. (ECASA) has been authorized to import up to 100,000 tons of hulled rice as part of the 180,000 tons allowed under the annual import program for 1987. The rice will be obtained in a compensated trade transaction from the China National Cereals, Oils, and Foodstuffs Import and Export Corporation, according to a supreme decree published in EL PERUANO. For this purpose, the Bank of the Nation is authorized to open the necessary letters of credit, at the request of ECASA. The letters will be backed by the public treasury. The Ministry of Economy and Finance will allocate to ECASA the funds necessary for carrying out this transaction. The funds obtained for the sale, in national currency, will be deposited in the Bank of the Nation in a special account in the name of the General Office of the Public Treasury. [Text] [Lima EL NACIONAL in Spanish 30 Apr 87 p 6] 8926

QUECHUA, AYMARA OFFICIAL LANGUAGES--The use of Quechua, Aymara, and the other indigenous languages, as well as Spanish, has been declared mandatory. These languages must now be used in education in both oral and written forms, according to the bill that was passed by the Senate and will now be reviewed by the Chamber of Deputies. The document, which was approved by the Senate Education Committee, contains provisions from the initiatives proposed by Senators Roger Caceres Velasquez (FNTC), Genaro Ledesma Izquieta (IU), and Andres Townsend E. Classes will be taught in these languages in beginning and primary schools in the areas with high concentrations of populations that speak Quechua, Aymara, and the other indigenous languages. In secondary schools in the same regions, the oral, written, and grammatical study of these languages will be introduced, while at universities and institutes of higher learning, the bill requires that courses be offered in these languages. [Text] [Lima EL COMERCIO in Spanish 17 Apr 87 p A-5] 8926

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